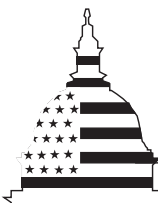


September 2002

SUPPLEMENTAL
SECURITY INCOME

Progress Made in
Detecting and
Recovering
Overpayments, but
Management Attention
Should Continue



G A O

Accountability * Integrity * Reliability

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Abbreviations

CDI	Cooperative Disability Investigation
DDS	Disability Determination Services
ISM	in-kind support and maintenance
NDNH	National Directory of New Hires
OIG	Office of Inspector General
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	social security number



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Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

September 16, 2002

The Honorable Jo Anne B. Barnhart
Commissioner of Social Security

Dear Ms. Barnhart:

The Supplemental Security Income (SSI) program is the nation's largest cash assistance program for the poor. The program paid about \$33 billion in benefits to 6.8 million aged, blind, and disabled persons in fiscal year 2001. Benefit eligibility and payment amounts for the SSI population are determined by complex and often difficult to verify financial factors such as an individual's income, resource levels, and living arrangements. Individual financial circumstances may also often change, requiring staff to frequently assess recipients' eligibility for benefits. Thus, the SSI program tends to be difficult, labor intensive, and time-consuming to administer. These factors also make the SSI program vulnerable to overpayments. In 2001, outstanding SSI debt and newly detected overpayments for the year totaled \$4.7 billion. We designated SSI a high-risk program in 1997 after several years of reporting on specific instances of abuse and mismanagement, including poor overpayment detection and recovery practices. The following year, we issued a report with several recommendations for improving SSI program operations.¹

This report discusses the actions that the Social Security Administration (SSA) has taken over the past several years to better (1) deter and detect SSI overpayments and (2) recover SSI overpayments after they occur. To examine these issues, we reviewed SSI performance data, our prior reports, and various internal and external studies of the SSI program. We also analyzed SSI penalty and overpayment waiver data, as well as trends in overpayments detected and recovered. We conducted more than 175 interviews with management and line staff from SSA's headquarters in Baltimore; its Philadelphia, San Francisco, and Atlanta regions; and from state Disability Determination Services (DDS). During our meetings, we documented management and staff views on the priority SSA places on

¹U.S. General Accounting Office, *Supplemental Security Income: Action Needed on Long-Standing Problems Affecting Program Integrity*, GAO/HEHS-98-158 (Washington, D.C.: Sept. 14, 1998).

improving program integrity and verified policy and procedural changes that have been made in SSI operations. We also discussed the effectiveness of new overpayment deterrence, detection and recovery tools, as well as remaining program vulnerabilities. We conducted our work from June 2001 through July 2002 in accordance with generally accepted government auditing standards.

Results in Brief

SSA has demonstrated a stronger commitment to SSI program integrity and taken many actions to better deter and detect overpayments. For example, SSA

- obtained legislative authority in 1999 to use additional tools to verify recipients' financial eligibility for benefits, including strengthening its ability to access individuals' bank account information;
- developed additional measures to hold staff accountable for completing assigned SSI workloads and resolving overpayment issues;
- provided field staff with direct access to state databases to facilitate more timely verification of recipients' wages and employment information; and
- significantly increased, since 1998, the number of eligibility reviews conducted each year to verify recipients' income, resources, and continuing eligibility for benefits.

Because a number of SSA's initiatives are still in the planning or early implementation stages, it is too soon to tell what impact they may ultimately have on improving the accuracy of SSI eligibility decisions and reducing overpayments. Moreover, there continue to be vulnerabilities that SSA has yet to address. These include excessively complex program rules and limited use of monetary and administrative penalties for persons who fail to report information affecting their benefits and knowingly provide misleading statements.

In addition to better detection and deterrence of SSI overpayments, SSA has made recovery of overpaid benefits a higher priority. For example, in 1998 SSA began seizing the tax refunds of former SSI recipients with outstanding debt. Recently, SSA also began more aggressive actions to recover overpayments from former SSI recipients by reducing any social security retirement or disability benefits they receive. Despite these efforts, further improvements in overpayment recovery are possible. For example, legislation passed in 1999 includes provisions authorizing SSA to levy interest and use collection agencies to pursue SSI debt. These tools have yet to be implemented. There has also been dramatic growth in the amount of overpayments waived. Annual overpayments waived have

increased 400 percent since 1993 and currently amount to nearly one-fourth of SSA's total overpayment collections. At a time when SSA has enhanced its debt recovery capabilities, its waiver policies and practices may be preventing the recovery of millions of dollars in overpayments.

Sustained management attention should continue to ensure progress towards fully implementing crucial overpayment deterrence, detection, and recovery tools. This report includes recommendations that SSA address complex SSI program rules to better prevent payment errors, reassess its current policies and procedures for imposing administrative penalties and sanctions, and ensure that overpayment waiver policies are designed and implemented in a way that maintains program integrity. In its response to our report, SSA agreed with our recommendations and said the report would be helpful in its efforts to better manage the SSI program. SSA also provided a number of technical comments that we have incorporated into our draft report as appropriate.

Background

SSI provides financial assistance to people who are age 65 or older, blind or disabled, and who have limited income and resources. The program provides individuals with monthly cash payments to meet basic needs for food, clothing, and shelter. Last year, about 6.8 million recipients were paid about \$33 billion in SSI benefits.

During the application process, SSA relies on state Disability Determination Services to make the initial medical determination of eligibility while SSA field offices are responsible for determining whether applicants meet the program's nonmedical (age and financial) eligibility requirements. To receive SSI benefits in 2002, individuals may not have income greater than \$545 per month (\$817 for a couple) or have resources worth more than \$2,000 (\$3,000 for a couple). When applying for SSI, individuals are required to report any information that may affect their eligibility for benefits. Similarly, once individuals receive SSI benefits, they are required to report events, such as changes in income, resources, marital status, or living arrangements to SSA field office staff in a timely manner. A recipient's living arrangement can also affect monthly benefits. Generally, individuals who rent, own their home, or pay their share of household expenses if they live with other persons receive a higher monthly benefit than those who live in the household of another person and receive food and shelter assistance.

To a significant extent, SSA depends on program applicants and recipients to accurately report important eligibility information. However, to verify

this information SSA uses computer matches to compare SSI records against recipient information contained in records of third parties, such as other federal and state government agencies. To determine whether recipients remain financially eligible for SSI benefits after the initial assessment, SSA also periodically conducts redetermination reviews to verify eligibility factors such as income, resources, and living arrangements. Recipients are reviewed at least every 6 years, but reviews may be more frequent if SSA determines that changes in eligibility are likely.

Since its inception, the SSI program has been difficult and costly to administer because even small changes in monthly income, available resources, or living arrangements can affect benefit amounts and eligibility. Complicated policies and procedures determine how to treat various types of income, resources, and in-kind support and maintenance that a recipient receives. SSA must constantly monitor these situations to ensure benefit amounts are paid accurately. On the basis of our work, which spans more than a decade, we designated SSI a high-risk program in 1997 and initiated work to document the underlying causes of longstanding SSI program problems and the impact these problems have had on program performance and integrity.² In 1998, we reported on a variety of management problems related to the deterrence, detection, and recovery of SSI overpayments. Over the last several years, we also testified about SSA's progress in addressing these issues (see app. I).

Overpayment Deterrence and Detection Are Receiving Additional Emphasis but Some Weaknesses Remain

Since 1998, SSA has demonstrated a stronger management commitment to SSI program integrity issues. SSA has also expanded the use of independent data to verify eligibility factors and enhanced its ability to detect payment errors. Today, SSA has far better capability to more accurately verify program eligibility and detect payment errors than it did several years ago. However, weaknesses remain in its debt prevention and deterrence processes. SSA has made limited progress toward simplifying complex program rules that contribute to payment errors and is not fully utilizing several overpayment prevention tools, such as penalties and the suspension of benefits for recipients who fail to report eligibility information as required.

²U.S. General Accounting Office, *High Risk Series: An Overview*, [GAO/HR-97-1](#), (Washington, D.C.: Feb. 1997).

Management Has Heightened Attention to SSI Program Integrity

Since our 1998 report, SSA has taken a variety of actions that demonstrate a fundamental change in its management approach and a much stronger commitment to improved program integrity. First, SSA issued a report in 1998 that outlined its strategy for strengthening its SSI stewardship role.³ This report highlighted specific planned initiatives to improve program integrity and included timeframes for implementation. In addition to developing a written SSI program integrity strategy, SSA submitted proposals to Congress requesting new authorities and tools to implement its strategy. In December 1999, Congress provided SSA with several newly requested tools in the Foster Care Independence Act of 1999. The act gave SSA new authorities to deter fraudulent or abusive actions, better detect changes in recipient income and financial resources, and improve its ability to recover overpayments. Of particular note is a provision in the act that strengthened SSA's authority to obtain applicant resource information from banks and other financial institutions. SSA's data show that unreported financial resources, such as bank accounts, are the second largest source of SSI overpayments. SSA also sought and received separate legislative authority to penalize persons who misrepresent material facts essential to determining benefit eligibility and payment amounts. SSA can now impose a period of benefit ineligibility ranging from 6 to 24 months for individuals who knowingly misrepresent facts.

SSA also made improved program integrity one of its five agency strategic goals and established specific objectives and performance indicators to track its progress towards meeting this goal. For example, the agency began requiring its field offices to complete 99 percent of their assigned redetermination reviews and other cases where computer matching identified a potential overpayment situation due to unreported wages, changes in living arrangements, or other factors. During our review, most field staff and managers that we interviewed told us that SSA's efforts to establish more aggressive goals and monitor performance toward completing these reviews was a clear indication of the new enhanced priority it now places on ensuring timely investigation of potential SSI overpayments.

To further increase staff attention to program integrity issues, SSA also revised its work measurement system—used for estimating resource needs, gauging productivity, and justifying staffing levels—to include staff

³Social Security Administration, *Management of the Supplemental Security Income Program: Today and in the Future*, October 8, 1998.

time spent developing information for referrals to its Office of Inspector General (OIG). In prior work, we reported that SSA's own studies showed that its employees felt pressured to spend most of their time on "countable" workloads, such as quickly processing and paying claims rather than on developing fraud referrals for which they received no credit. Consistent with this new emphasis, the OIG also increased the level of resources and staff devoted to investigating SSI fraud and abuse; key among the OIG's efforts is the formation of Cooperative Disability Investigation (CDI) teams in 13 field locations. These teams consist of OIG investigators, SSA staff, state or local law enforcement officers, and state DDS staff who investigate suspicious medical claims through surveillance and other techniques. A key focus of the CDI initiative is detecting fraud and abuse earlier in the disability determination process to prevent overpayments from occurring. The OIG reported that the teams saved almost \$53 million in fiscal year 2001 in improper benefit payments by providing information that led to a denial of a claim or the cessation of benefits.

Finally, in a June 2002 corrective action plan, SSA reaffirmed its commitment to taking actions to facilitate the removal of the SSI program from our high-risk list. This document described SSA's progress in addressing many of the program integrity vulnerabilities we identified and detailed management's SSI program priorities through 2005.⁴ To ensure effective implementation of this plan, SSA has assigned senior managers responsibility for overseeing key initiatives, such as piloting new quality assurance systems. The report also highlighted several other program integrity initiatives under consideration by SSA, including plans to test whether touchtone telephone technology can improve the reporting of wages, credit bureau data can be used to detect underreported income, and public databases can help staff identify unreported resources, for example, automobiles and real property. To assist field staff in verifying the identity of recipients, SSA is also exploring the feasibility of requiring new SSI claimants to be photographed as a condition of receiving benefits.

SSA Has Improved Its Ability to Detect Payment Errors

In prior work, we noted that SSA's processes and procedures for verifying recipients' income, resources, and living arrangements were often untimely and incomplete. In response to our recommendations, SSA has

⁴Social Security Administration, *SSI Corrective Action Plan-Removing SSI From GAO's "High-Risk" List*, June 2002.

taken numerous actions to verify recipient reported information and better detect and prevent SSI payment errors.

SSA has made several automation improvements to help field managers and staff better control overpayments. For example, last year, the agency distributed software nationwide that automatically scans multiple internal and external databases containing recipient financial and employment information and identifies potential changes in income and resources. The system then generates a consolidated report for use by staff when interviewing recipients. SSA also made systems enhancements to better identify newly entitled recipients with uncollected overpayments from a prior coverage period. Previously, each time an individual came on and off the rolls over a period of years, staff had to search prior SSA records and make system inputs to bring forward any outstanding overpayments to current records. The process of detecting overpayments from a prior eligibility period and updating recipient records now occurs automatically. SSA's data show that, since this tool was implemented in 1999, the monthly amount of outstanding overpayments transferred to current records increased on average by nearly 200 percent, from \$12.9 million a month to more than \$36 million per month. Thus, a substantial amount of outstanding overpayments that SSA might not have detected under prior processes is now subject to collection action. Nearly all SSA staff and managers that we interviewed told us that systems enhancements have improved SSA's ability to control overpayments.

In commenting on this report, SSA said that it will soon implement another systems enhancement to improve its overpayment processes. SSA will automatically net any overpayments against underpayments that exist on a recipient's record before taking any recovery or reimbursement actions. Presently, netting requires SSA employees to record a series of transactions and many opportunities to recover overpayments by netting them against existing underpayments are lost. SSA estimates that automating the netting process will reduce overpayments by up to \$60 million each year, with a corresponding reduction in underpayments paid to beneficiaries.

In addition to systems and software upgrades, SSA now uses more timely and comprehensive data to identify information that can affect SSI eligibility and benefit amounts. For example, in accordance with our prior

recommendation,⁵ SSA obtained access to the Office of Child Support Enforcement's National Directory of New Hires (NDNH), which is a comprehensive source of unemployment insurance, wage, and new hires data for the nation. In January 2001, SSA began providing field offices with direct access to NDNH and required its use to verify applicant eligibility during the initial claims process. With NDNH, SSA field staff now have access to more comprehensive and timely employment and wage information essential to verifying factors affecting SSI eligibility. More timely employment and wage information is particularly important, considering that SSA studies show that unreported compensation accounts for about 25 percent of annual SSI overpayments. SSA has estimated that use of NDNH will result in about \$200 million in overpayment preventions and recoveries per year.

Beyond obtaining more effective eligibility verification tools such as NDNH, SSA has also enhanced existing computer data matches to verify financial eligibility. For example, SSA increased the frequency (from annually to semiannually) in which it matches SSI recipient social security numbers (SSN) against its master earnings record, which contains information on the earnings of all social security-covered workers. In 2001, SSA flagged over 206,000 cases for investigation of unreported earnings, a threefold increase over 1997 levels.

To better detect individuals receiving unemployment insurance benefits, quarterly matches against state unemployment insurance databases have replaced annual matches. Accordingly, the number of unemployment insurance detections has increased from 10,400 in 1997 to over 19,000 last year. SSA's ability to detect nursing home admissions, which can affect SSI eligibility,⁶ has also improved. In 1997, we reported that SSA's database for identifying SSI recipients residing in nursing homes was incomplete and its verification processes were untimely, resulting in substantial overpayments. At the time, this database included only 28 states and data matches were conducted annually. SSA now conducts monthly matches with all states, and the number of overpayment detections related to nursing home admissions has increased substantially from 2,700 in 1997 to 75,000 in 2001. SSA's ability to detect recipients residing in prisons has

⁵U.S. General Accounting Office, *Supplemental Security Income: Opportunities Exist for Improving Payment Accuracy*, [GAO/HEHS-98-75](#) (Washington, D.C.: Mar. 27, 1998).

⁶Generally, SSI recipients residing in a nursing home for more than 1 month receive only \$30 in SSI benefits per month.

also improved. Over the past several years, SSA has established agreements with prisons that house 99 percent of the inmate population, and last year SSA reported suspending benefits to about 54,000 prisoners. Recipients are ineligible for benefits in any given month if throughout that month they are in prison. SSA has also increased the frequency in which it matches recipient SSNs against tax records and other data essential to identify any unreported interest, income, dividends, and pension income individuals may be receiving. These matching efforts have also resulted in thousands of additional overpayment detections over the last few years.

To obtain more current information on the income and resources of SSI recipients, SSA has also increased its use of online access to various state data. Field staff can directly query various state records to quickly identify workers' compensation, unemployment insurance, or other state benefits individuals may be receiving. In 1998, SSA had online access to records in 43 agencies in 26 states. As of January 2002, SSA had expanded this access to 73 agencies in 42 states. As a tool for verifying SSI eligibility, direct online connections are potentially more effective than using periodic computer matches, because the information is more timely. Thus, SSA staff can quickly identify potential disqualifying income or resources at the time of application and before overpayments occur. In many instances, this allows the agency to avoid having to go through the often difficult and unsuccessful task of having to recover overpaid SSI benefits. During our field visits, staff and managers who had online access to state databases believed this tool was essential to more timely verification of recipient-reported information. SSA's efforts to expand direct access to additional states' data are ongoing.

Finally, to further strengthen program integrity, SSA took steps to improve its SSI financial redetermination review process to verify that individuals remain eligible for benefits. First, SSA increased the number of annual reviews from 1.8 million in fiscal year 1997 to 2.4 million in 2001. Second, SSA substantially increased the number of redeterminations conducted through personal contact with recipients, from 237,000 in 1997 to almost 700,000 this year. SSA personally contacts those recipients that it believes are most likely to have payment errors. Third, because budget constraints limit the number of redeterminations SSA conducts, it refined its profiling methodology in 1998 to better target recipients that are most likely to have payment errors. Refinements in the selection methodology have allowed SSA to leverage its resources. SSA's data show that, in 1998, refining the case selection methodology increased estimated overpayment benefits—amounts detected and future amounts prevented—by \$99 million over the prior year. SSA officials have estimated that conducting substantially more

redeterminations would yield hundreds of millions of dollars in additional overpayment benefits annually. However, officials from its Office of Quality Assurance and Performance Assessment indicated that limited resources would affect SSA's ability to do more reviews and still meet other agency priorities. In June 2002, SSA informed us that the Commissioner recently decided to make an additional \$21 million available to increase the number of redeterminations this year.

Despite its increased emphasis on overpayment detection and deterrence, SSA is not meeting its payment accuracy goals and it is too early to determine what impact its actions will ultimately have on its ability to make more accurate benefit payments. In 1998, SSA pledged to increase its SSI overpayment accuracy rate from 93.5 percent to 96 percent by fiscal year 2002. Since that time, however, SSA has revised this goal downward twice and for fiscal year 2001 it was 94.7 percent. Current agency plans do not anticipate achieving the 96-percent accuracy rate until 2005.

Various factors may account for SSA's inability to achieve its SSI accuracy goals, including lag times between the occurrence of an event affecting eligibility and SSA's receipt of the information. In addition, key initiatives that might improve SSI overpayment accuracy have only recently begun or are in the early planning stages. For example, it was not until January 2001 that SSA began providing field offices with access to the NDNH database to verify applicants' employment status and wages. SSA also only recently required staff to use NDNH when conducting post entitlement reviews of individuals' continued eligibility for benefits. In fiscal year 2000, SSA estimated that overpayments attributable to wages—historically the number one source of SSI overpayments—were about \$477 million or 22 percent of its payment errors. Thus, with full implementation, the impact of NDNH on overpayment accuracy rates may ultimately be reflected in future years. Furthermore, the Foster Care Independence Act of 1999 strengthened SSA's authority to obtain applicant resource information from financial institutions. SSA's data show that unreported financial resources, such as bank accounts, are the second largest source of SSI overpayments. Last year, overpayments attributable to this category totaled about \$394 million, or 18 percent of all detections. In May 2002, SSA issued proposed regulations on its new processes for accessing recipient financial data and plans to implement a pilot program later this year. When fully implemented, this tool may also help improve the SSI payment accuracy rate.

Limited Progress Made in Simplifying Complex Program Rules

SSA has made only limited progress toward addressing excessively complex rules for assessing recipients' living arrangements, which have been a significant and longstanding source of payment errors. SSA staff must apply a complex set of policies to document an individual's living arrangements and the value of in-kind support and maintenance (ISM) being received,⁷ which are essential to determining benefit amounts. Details such as usable cooking and food storage facilities with separate temperature controls, availability of bathing services, and whether a shelter is publicly operated can affect benefits. These policies depend heavily on recipients to accurately report whether they live alone or with others; the relationships involved; the extent to which rent, food, utilities, and other household expenses are shared; and exactly what portion of those expenses an individual pays. Over the life of the program, those policies have become increasingly complex as a result of new legislation, court decisions, and SSA's own efforts to achieve benefit equity for all recipients. The complexity of SSI program rules pertaining to living arrangements, ISM, and other areas of benefit determination is reflected in the program's administrative costs. In fiscal year 2001, SSI benefit payments represented about 6 percent of benefits paid under all SSA-administered programs,⁸ but the SSI program accounted for 31 percent of the agency's administrative resources.

Although SSA has examined various options for simplifying rules concerning living arrangements and ISM over the last several years, it has yet to take action to implement a cost-effective strategy for change. In December 2000, SSA issued a report examining six potential simplification options for living arrangements and ISM relative to program costs and three program objectives: benefit adequacy (ensuring a minimum level of income to meet basic needs); benefit equity (ensuring that recipients with like income, resources, and living arrangements are treated the same); and program integrity (ensuring that benefits are paid accurately, efficiently, and with no tolerance for fraud).⁹ SSA's report noted that overpayments attributable to living arrangements and ISM in 1999 accounted for a

⁷ISM refers to the noncash income available to a recipient in the form of food, clothing, or shelter. The combination of ISM and cash income available to an applicant can either reduce or possibly preclude the receipt of SSI benefits.

⁸SSA also administers the Old-Age, Survivors, and Disability Insurance Programs under Title II of the Social Security Act.

⁹Social Security Administration, *Simplifying the Supplemental Security Income Program: Challenges and Opportunities*, December 2000.

projected \$210 million, or 11 percent, of total overpayment dollars. The report also acknowledged that most overpayments were the result of beneficiaries not reporting changes in living arrangements and SSA staff's failure to comply with complicated instructions for verifying information. SSA concluded that none of the options analyzed supported all of its SSI program goals. As a result, SSA recommended further assessing the tradeoffs among program goals presented by these simplification options.

SSA's study shows that at least two of the options would produce net program savings. For example, one option eliminated the need to determine whether an individual is living in another person's household by counting ISM at the lesser of its actual value or one-third of the federal benefit rate. In addition to ultimately reducing program costs, SSA noted that this option would eliminate several inequities in current ISM rules and increase benefits for almost 1 percent of recipients. Although SSA cited some disadvantages (such as, additional development/calculations in some cases and decreasing benefits for about 2 percent of recipients), its analysis did not indicate that the disadvantages outweighed potential positive effects. Furthermore, for two other options in which SSA projected a large increase in program costs, it acknowledged that its estimates were based on limited data and were "very rough." Thus, actual program costs associated with these options could be significantly lower or higher. Finally, to the extent that SSA identified limitations in some options analyzed, such as reductions in benefits for some recipients, it did not propose any modifications or alternatives to address them.

SSA's actions to date do not sufficiently address concerns about complex living arrangement and ISM policies. During our recent fieldwork, staff and managers continued to cite program complexity as a problem leading to payment errors, program abuse, and excessive administrative burdens. In addition, overpayments associated with living arrangements and ISM remain among the leading causes of overpayments behind unreported wages and resources, respectively. Finally, SSA's fiscal year 2000 payment accuracy report noted that it would be difficult to achieve SSI accuracy goals without some policy simplification initiatives. In its recently issued "SSI Corrective Action Plan," SSA stated that within the next several years it plans to conduct analyses of alternative program simplification options beyond those already assessed.

Administrative Penalties and Sanctions Remain Underutilized

Our work shows that administrative penalties and sanctions may be underutilized in the SSI program. Under the law, SSA may impose administrative penalties on recipients who do not file timely reports about factors or events that can affect their benefits—changes in wages, resources, living arrangements, and other support being received. An administrative penalty causes a reduction in 1 month’s benefits. Penalty amounts are \$25 for a first occurrence, \$50 for a second occurrence, and \$100 for the third and subsequent occurrences. The penalties are meant to encourage recipients to file accurate and timely reports of information so that SSA can adjust its records to correctly pay benefits. The Foster Care Independence Act also gave SSA authority to impose benefit sanctions on persons who misrepresent material facts that they know, or should have known, were false or misleading. In such circumstances, SSA may suspend benefits for 6 months for the initial violation, 12 months for the second violation, and 24 months for subsequent violations. SSA issued interim regulations to implement these sanction provisions in July 2000 and its November 2000 report cited its implementation as a priority effort to improve SSI program integrity.

In our 1998 report, we noted that penalties were rarely used and recommended that SSA reassess its policies for imposing penalties on recipients who fail to report changes that can affect their eligibility. To date, SSA has not addressed our recommendation and staff rarely use penalties to encourage recipient compliance with reporting policies. Over the last several years, SSA data indicate that about 1 million recipients are overpaid annually and that recipient nonreporting of key information accounted for 71 to 76 percent of payment errors. On the basis of SSA records, we estimate that at most about 3,500 recipients were penalized for reporting failures in fiscal year 2001. SSA staff we interviewed cited the same obstacles or impediments to imposing penalties as noted in our 1998 report, such as: (1) penalty amounts are too low to be effective, (2) imposition of penalties is too administratively burdensome, and (3) SSA management does not encourage the use of penalties. SSA has not acted to either evaluate or address these obstacles. Although SSA has issued program guidance to field office staff emphasizing the importance of assessing penalties, this action alone does not sufficiently address the obstacles cited by staff.

SSA’s administrative sanction authority also remains rarely used. SSA sanctions data indicate that between June 2000 and February 2002, SSA field office staff had referred about 3,000 SSI cases to the OIG because of concerns about fraudulent activity. In most instances, OIG returned the referred cases to the field office because they did not meet prosecutorial

requirements, such as high amounts of benefits erroneously paid. At this point, the field office, in consultation with a regional office sanctions coordinator, can determine whether benefit sanctions are warranted. Cases referred because of concerns about fraudulent behavior would seem to be strong candidates for benefit sanctions. However, as of January 2002, field staff had actually imposed sanctions in only 21 SSI cases. Our interviews with field staff identified insufficient awareness of the new sanction authority and some confusion about when to impose sanctions. In one region, for example, staff and managers told us that they often referred cases to the OIG when fraud was suspected, but it had not occurred to them that these cases should be considered for benefit sanctions if the OIG did not pursue investigation and prosecution. Enhanced communication and education by SSA regarding the appropriate application of this overpayment deterrent tool may ultimately enhance SSA's program integrity efforts.

Overpayment Recovery Improved, but Other Actions Could Enhance Program Management

Over the past several years, SSA has been working to implement new legislative provisions to improve its ability to recover more SSI overpayments. While a number of SSA's initiatives have yielded results in terms of increased collections, several actions are still in the early planning or implementation stages and it is too soon to gauge what effect they will have on SSI overpayment collections. In addition, we are concerned that SSA's current overpayment waiver policies and practices may be preventing the collection of millions of dollars in outstanding debt.

Overpayment Recovery Is Receiving Enhanced Emphasis, but Some Key Initiatives Are Pending

In our prior work, we reported that SSA has historically placed insufficient emphasis on recovering SSI overpayments, especially for those who have left the rolls. We were particularly concerned that SSA had not adequately pursued authority to use more aggressive debt collection tools already available to other means-tested benefit programs, such as the Food Stamp Program. Accordingly, SSA has taken action over the last several years to strengthen its overpayment recovery processes.

SSA began using tax refund offsets in 1998 to recover outstanding SSI debt. At the end of calendar year 2001, this initiative has yielded \$221 million in additional overpayment recoveries for the agency. In the same year, Congress authorized a cross program recovery initiative, whereby SSA was provided authority to recover overpayments by reducing

the Title II benefits of former SSI recipients without first obtaining their consent.¹⁰ SSA implemented this cross program recovery tool in March 2002. Currently, about 36 percent of SSI recipients also receive Title II benefits, and SSA expects that this initiative will produce about \$115 million in additional overpayment collections over the next several years. In 2002, the agency also implemented Foster Care Independence Act provisions allowing SSA to report former recipients with outstanding SSI debt to credit bureaus as well as to the Department of the Treasury. Credit bureau referrals are intended to encourage individuals to voluntarily begin repaying their outstanding debts. The referrals to Treasury will provide SSA with an opportunity to seize other federal benefit payments individuals may be receiving.

While overpayment recovery practices have been strengthened, SSA has not yet implemented some key recovery initiatives that have been available to the agency for several years. Although regulations have been drafted, SSA has not yet implemented administrative wage garnishment, which was authorized in the Debt Collection Improvement Act of 1996. In addition, SSA has not implemented several provisions in the Foster Care Independence Act of 1999. These provisions allow SSA to offset the federal salaries of former recipients, use collection agencies to recover overpayments, and levy interest on outstanding overpayments. In its comments, SSA said that it made a conscious decision to implement first those tools that it judged as most cost effective. It prioritized working on debt collection tools that provide direct collections or that could be integrated into its debt management system. According to SSA, the remaining tools are being actively pursued as resources permit. Draft regulations for several of these initiatives are being reviewed internally. However, agency officials said that they could not estimate when these additional recovery tools will be fully operational.

SSI Overpayment Waivers Have Greatly Increased

Our work shows that SSI overpayment waivers have increased significantly over the last decade and that current waiver policies and practices may cause SSA to unnecessarily forgo millions of dollars in additional overpayment recoveries annually.

Waivers are requests by current and former SSI recipients for relief from the obligation to repay SSI benefits to which they were not entitled. Under

¹⁰Until 1998, SSA could only reduce these benefits with the consent of the former recipient.

the law, SSA field staff may waive an SSI overpayment when the recipient is without fault and the collection of the overpayment either defeats the purpose of the program, is against equity and good conscience, or impedes effective and efficient administration of the program.

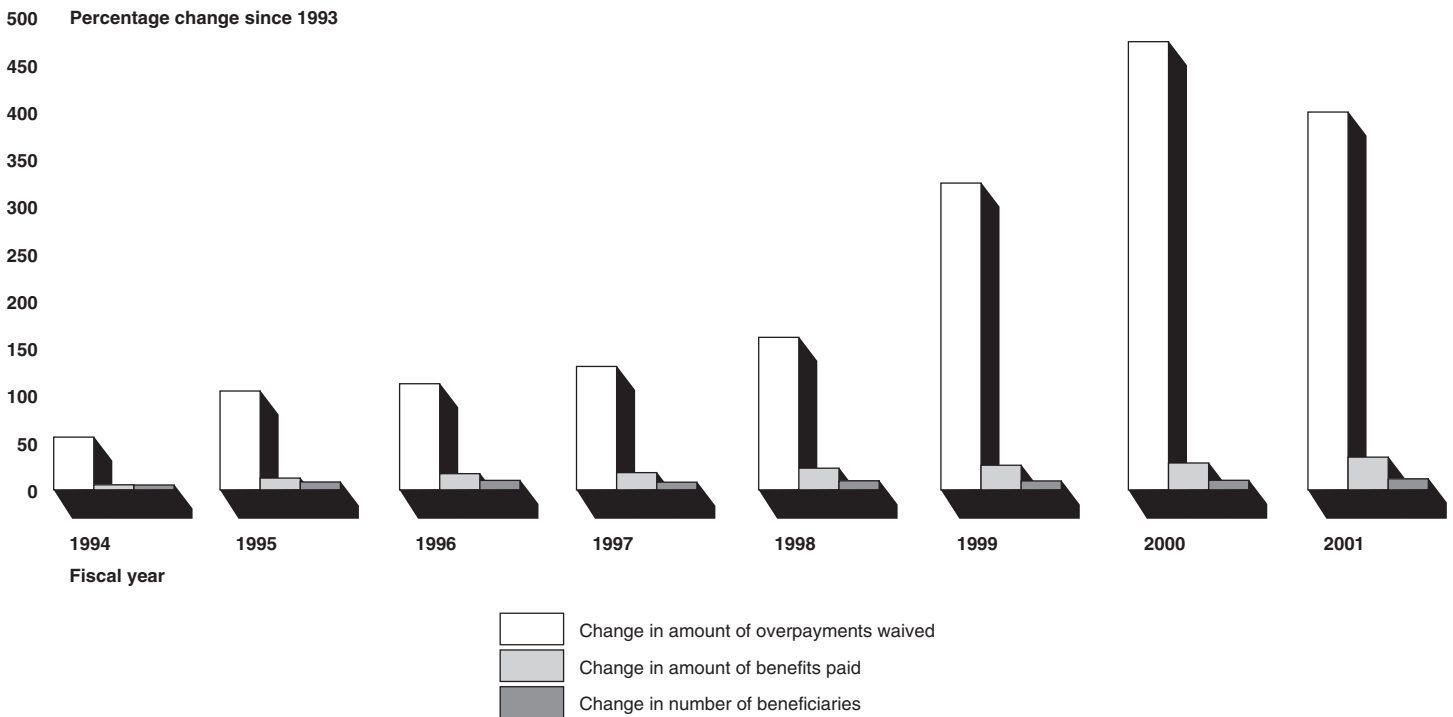
To be deemed without fault, and thus eligible for a waiver, recipients are expected to exercise good faith in reporting information to prevent overpayments. Incorrect statements that recipients know or should have known to be false or failure to furnish material information can result in a waiver denial. If SSA determines a person is without fault in causing the overpayment, it then must determine if one of the other three requirements also exists to grant a waiver. Specifically, SSA staff must determine whether denying a waiver request and recovering the overpayment would defeat the purpose of the program because the affected individual needs all of his/her current income to meet ordinary and necessary living expenses. To determine whether a waiver denial would be against equity and good conscience, SSA staff must decide if an individual incurred additional expenses in relying on the benefit, and thus requiring repayment would affect his/her economic condition. This could apply to recipients who use their SSI benefits to pay for a child's medical expenses and are subsequently informed of an overpayment. Finally, SSA may grant a waiver when recovery of an overpayment may impede the effective or efficient administration of the program—for example, when the overpayment amount is equal to or less than the average administrative cost of recovering an overpayment, which SSA currently estimates to be \$500. Thus, field staff we interviewed generally waived overpayments of \$500 or less.

The current \$500 threshold was established in December 1993. Prior to that time the threshold was \$100. Officials told us that this change was based on an internal study of administrative costs related to investigating and processing waiver requests for SSA's Title II disability and retirement programs. However, the officials acknowledged that the study did not directly examine the costs of granting SSI waivers. Furthermore, they were unable to locate the study for our review and evaluation. During our field visits, staff and managers had varied opinions regarding the time and administrative costs associated with denying waiver requests. However, staff often acknowledged that numerous automation upgrades over the past several years may be cause for re-examining the current costs and benefits associated with the \$500 waiver threshold.

Our analysis of several years of SSI waiver data shows that since the waiver threshold was adjusted, waived SSI overpayments have increased

by 400 percent from \$32 million in fiscal year 1993 to \$161 million in fiscal year 2001. This increase has significantly outpaced the growth in both the number of SSI recipients served and total annual benefits paid, which increased by 12 percent and 35 percent, respectively, during the same period (see fig. 1).

Figure 1: Percentage Change in Overpayment Waivers, SSI Benefit Payments, and SSI Beneficiaries Since 1993

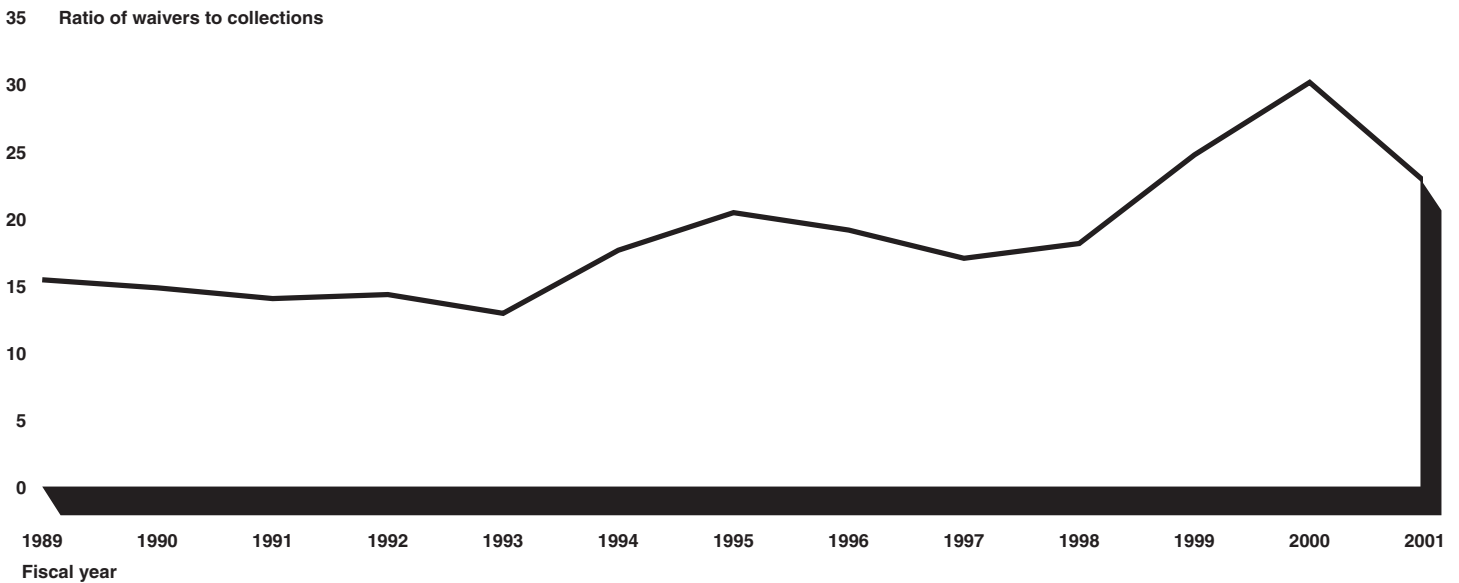


Note: Each year's percentage change is calculated relative to 1993 when SSA's tolerance increased from \$100 to \$500.

Source: GAO's analysis of SSA's accounting records.

Furthermore, the ratio of waived overpayments to total SSI collections has also increased (see fig. 2). In fiscal 1993, SSA waived about \$32 million in SSI overpayments or about 13 percent of its total collections. By 1995, waiver amounts more than doubled to \$66 million, or about 20 percent, of collections for that year. By fiscal year 2001, SSI waivers totaled \$161 million and represented nearly 23 percent of all SSI collections. Thus, through its waiver process, SSA is forgoing collection action on a significantly larger portion of overpaid benefits.

Figure 2: Ratio of Overpayments Waived to Overpayments Collected, Fiscal Years 1989 through 2001



Source: GAO's analysis of SSA's accounting records.

While not conclusive, the data indicate that liberalization of the SSI waiver policy may be a factor in the dramatic increase in the amount of overpayments waived. SSA has not studied the impact of the increased threshold. However, officials believe that the trend in waived SSI overpayments is more likely due to increases in the number of annual reviews of recipients' medical eligibility. These reviews have resulted in an increase in benefit terminations and subsequent recipient appeals. During the appeals process, recipients have the right to request that their benefits be continued. Those who lose their appeal can then request a waiver of any overpayments that accrued during the appeal period. SSA will usually grant these requests under its current waiver policies.

Another factor affecting trends in waivers may be staff application of waiver policies and procedures. Although, SSA has developed guidance to assist field staff when deciding whether to deny or grant waivers, we found that field staff have considerable leeway to grant waivers based on an individual's claim that he or she reported information to SSA that would have prevented an overpayment. In addition, waivers granted for amounts less than \$2,000 are not subject to second-party review while another employee in the office—not necessarily a supervisor—must review those above \$2,000. During our field visits, we identified variation

among staff in their understanding as to how waiver decisions should be processed, including the extent to which they receive supervisory review and approval. In some offices, review was often minimal or non-existent regardless of the waiver amount, while other offices required stricter peer or supervisory review. In 1999, SSA's OIG reported that the complex and subjective nature of SSA's Title II waiver process, as well as clerical errors and misapplication of policies by staff, resulted in SSA incorrectly waiving overpayments in about 9 percent of 26,000 cases it reviewed. The report also noted that 50 percent of the waivers reviewed were unsupported and the OIG could not make a judgment as to the appropriateness of the decision. The OIG estimated that the incorrect and unsupported waivers amounted to nearly \$42 million in benefits. While the OIG only examined waivers under the Title II programs and for amounts over \$500, the criteria for granting SSI waivers are generally the same. Thus, we are concerned that similar problems with the application of waiver policies could be occurring in the SSI program.

Conclusions

SSA has taken a number of steps to address long-standing vulnerabilities in SSI program integrity. SSA's numerous planned and ongoing initiatives demonstrate management's commitment to strike a better balance between meeting the needs of SSI recipients and ensuring fiscal accountability for the program. However, it is too early to tell how effective SSA will ultimately be in detecting and preventing overpayments earlier in the eligibility determination process, improving future payment accuracy rates, and recovering a greater proportion of outstanding debt owed to it. Reaching these goals is feasible, provided that SSA sustains and expands the range of SSI program integrity activities currently planned or underway, such as increasing the number of SSI financial redeterminations conducted each year and developing and implementing additional overpayment detection and recovery tools provided in recent legislation.

A fundamental cause of SSI overpayments are the complex rules governing SSI eligibility. However, SSA has done little to make the program less complex and error prone, especially in regard to living arrangement policies. We recognize that inherent tensions exist between simplifying program rules, keeping program costs down, and ensuring benefit equity for all recipients. However, longstanding SSI payment errors and high administrative costs suggest the need for SSA to move forward in addressing program design issues and devising cost-effective simplification options. Furthermore, without increased management emphasis and direction on the use of administrative penalties and benefit

sanctions, SSA risks continued underutilization of these valuable overpayment deterrence tools. Finally, rapid growth in the amount of overpayments waived over the last several years, suggest that SSA may be unnecessarily forgoing recovery of significant amounts of overpaid benefits. Thus, it is essential that SSA's policies and procedures for waiving overpayments and staff application of those policies be managed in a way that ensures taxpayer dollars are sufficiently protected.

Recommendations

In order to further strengthen SSA's ability to deter, detect and recover SSI overpayments, we recommend that the Commissioner of Social Security take the following actions:

- Sustain and expand the range of SSI program integrity activities underway and continue to develop additional tools to improve program operations and management. This would include increasing the number of SSI redeterminations conducted each year and fully implementing the overpayment detection and recovery tools provided in recent legislation.
- Identify and move forward in implementing cost-effective options for simplifying complex living arrangement and in-kind support and maintenance policies, with particular attention to those policies most vulnerable to fraud, waste, and abuse. An effective implementation strategy may include pilot testing of various options to more accurately assess their ultimate effects.
- Evaluate current policies for imposing monetary penalties and administrative sanctions and take action to remove any barriers to their usage or effectiveness. Such actions may include informing field staff on when and how these tools should be applied and studying the extent to which more frequent use deters recipient nonreporting.
- Reexamine policies and procedures for SSI overpayment waivers and make revisions as appropriate. This should include an assessment of the current costs and benefits associated with the \$500 waiver threshold and the extent to which staff correctly apply waiver policies.

Agency Comments and Our Evaluation

SSA agreed with our recommendations and said that our report would be very helpful in its efforts to better manage the SSI program. It will incorporate the recommendations into its SSI corrective action plan, as appropriate. SSA also assured us that the SSI program is receiving sustained management attention. In this regard, SSA noted that under the current plan it has assigned specific responsibilities to key staff, monitors agency progress, and reviews policy proposals at regularly scheduled monthly meetings chaired by the Deputy Commissioner.

While agreeing with each of our recommendations, SSA supplied additional information to emphasize its actions and commitment to improving SSI program integrity. Regarding simplification of complex program rules, SSA said it will continue to assess various program simplification proposals, but it remains concerned about the distributional effects of potential policy changes. SSA also noted that even minor reductions in SSI benefits could significantly affect recipients. Thus, SSA plans to use sophisticated computer simulations to evaluate the potential impacts of various proposals on recipients. We recognize that simplifying the program will not be easy, but it is still a task that SSA needs to accomplish to reduce its vulnerability to payment errors.

With regard to its overpayment waiver policies and procedures, SSA agreed to reexamine its current \$500 threshold and analyze the extent to which its staff correctly apply waiver policies. SSA also produced data indicating that increases in SSI waivers over the last several years were attributable to the completion of more continuing disability reviews that result in benefit cessation decisions. Consequently, more recipients appeal these decisions and request that their SSI benefits be continued. Recipients can then request waivers of any overpayments that accrued during the appeal period when a cessation decision is upheld. Our report recognizes SSA's views on the potential cause for increased waivers. However, we also note that SSI overpayment waiver increases may be attributable to inconsistent application of agency waiver policies.

SSA also provided additional technical comments that we have incorporated in the report, as appropriate. The entire text of SSA's comments appears in appendix II.

We are sending copies of this report to the House and Senate committees with oversight responsibilities for the Social Security Administration. We will also make copies available to other interested parties upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>. If you have any questions concerning this report, please call me or Daniel Bertoni, Assistant Director, on (202) 512-7215. Other major contributors to this report are Barbara Alsip, Gerard Grant, William Staab, Vanessa Taylor, and Mark Trapani.

Sincerely yours,

A handwritten signature in black ink that reads "Robert Robertson". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Robert E. Robertson
Director, Education, Workforce,
and Income Security Issues

Appendix I: Comments from the Social Security Administration



SOCIAL SECURITY

The Commissioner
August 26, 2002

Mr. Robert E. Robertson
Director, Education, Workforce,
and Income Security Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Robertson:

Thank you for the opportunity to review and comment on the draft report, "Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, But Sustained Management Attention Needed" (GAO-02-849). Our comments on the report are enclosed. If you have any questions, please have your staff contact Odessa J. Woods at (410) 965-0378.

Sincerely,

A handwritten signature in black ink that reads "Jo Anne B. Barnhart".

Jo Anne B. Barnhart

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON THE GENERAL ACCOUNTING OFFICE (GAO) DRAFT REPORT, "SUPPLEMENTAL SECURITY INCOME: PROGRESS MADE IN DETECTING AND RECOVERING OVERPAYMENTS, BUT SUSTAINED MANAGEMENT ATTENTION NEEDED" (GAO-02-849)

Thank you for the opportunity to review this draft report. As you note in the report, the Supplemental Security Income (SSI) program is our Nation's largest cash assistance program for the poor. The Social Security Administration (SSA) is committed to administering the SSI program fairly by ensuring that those individuals who are eligible for SSI are paid accurately, and that only those individuals eligible for SSI benefits receive them.

As we told the Comptroller General in our meeting in March, SSA and its management team are dedicated to better managing the SSI program and getting it removed from GAO's high risk list as soon as possible. A new Corrective Action Plan was developed, approved and is being implemented. Specific responsibilities have been assigned. A SSI management report was designed and is being produced monthly. Corrective Action Plan progress, legislative and policy proposals and other relevant issues are reviewed at a regularly scheduled monthly meeting chaired by SSA's Deputy Commissioner. Therefore we believe, unlike your title implies, that the SSI program is getting sustained management attention.

In general, we find your report very helpful. One overall comment is that the Corrective Action Plan should have been highlighted as it was developed for and by SSA's new management team. We believe the plan is the blueprint for getting SSI off the high risk list. We intend to make it a living document and will incorporate your recommendations as appropriate. Our specific comments are as follows:

GAO Recommendation 1

Sustain and expand the range of SSI program integrity activities underway and continue to develop additional tools to improve program operations and management. This would include the number of SSI redeterminations conducted each year and fully implementing the overpayment detection and recovery tools provided in recent legislation.

SSA Comment

We agree. The report notes SSA's significant progress in this area through increased matches, additional online access to Federal and State databases, increased redetermination processing, improved work measurement and heightened management oversight over SSI workload processing. As our SSI Corrective Action Plan states, we plan to continue stressing SSI redetermination and diary/alert workload processing goals to ensure timely processing and increase overpayment detection. We will also be increasing the SSI redetermination workload from 2.25 million to 2.45 million in fiscal year 2003. To improve our ability to prevent overpayments, we plan to pilot test the effectiveness of having recipients, deermors and representative payees report monthly wages using touchtone telephone technology, and we will test a process to access the records of financial institutions to detect unreported income or assets.

We also agree with the recommendation with respect to the overpayment detection and collection tools. We recently sent proposed rules to the Office of Management and Budget (OMB) for review to implement administrative wage garnishment. We are proceeding with the necessary systems changes to implement debt collection initiatives such as administrative wage garnishment.

GAO Recommendation 2

Identify and move forward in implementing cost-effective options simplifying complex living arrangements and in-kind support and maintenance policies, with particular attention to those policies most vulnerable to fraud, waste and abuse. An effective implementation strategy may include pilot testing of various options to more accurately assess their ultimate effects.

SSA Comment

We agree with GAO that living arrangement (LA) and in-kind support and maintenance (ISM) policies are highly complex and may significantly contribute to payment errors in the SSI program because they are difficult to explain, apply and changes are often difficult to detect.

We agree that SSA should continue to assess options for simplifying living arrangement and in-kind support and maintenance policies. As the report mentions, we have committed to doing so in the SSI Corrective Action Plan. However, it is important that GAO understands the tradeoffs involved in implementing the options included in SSA's 2000 report on simplifying the SSI program. For example, the report states that SSA's analysis of the option to count ISM at the lesser of its actual value or one-third of the federal benefit rate does not indicate that the disadvantages outweighed the potential positive effects. Although this option might reduce program costs, it is estimated to increase administrative costs since in some cases SSA staff would be required to complete more calculations than they currently do.

SSA is also very concerned about the distributional effects of potential policy changes, as even minor reductions in benefits can have a significant effect on a SSI recipient's ability to meet his or her basic needs. For example, while the option to reduce benefits by 10 percent for any recipient living with another adult would streamline living arrangement determinations and would be roughly cost neutral over a five-year period, it would reduce benefits for over 2 million recipients.

We are continuing our analysis of the administrative effects of various simplification proposals before we make a recommendation to proceed with any particular one. SSA is analyzing several of the options discussed in the 2000 report, looking for modifications that may make previously considered proposals more feasible. Rather than pilot testing of potential simplification options, we prefer to evaluate proposals using sophisticated computer simulations. While we have the authority to conduct demonstration projects, we cannot mandate participation, nor can we engage in a demonstration that would result in a substantial reduction in an individual's income and resources. The use of simulation modeling gives us accurate results without running the risks associated with a demonstration project.

GAO Recommendation 3

Evaluate current policies for imposing monetary penalties and administrative sanctions and take action to remove any barriers to their usage or effectiveness. Such actions may include informing field staff on when and how these tools should be applied and studying the extent to which more frequent use deters recipient reporting.

SSA Comment

We agree. SSA has already taken action to remove barriers for assessing penalties. Until recently, assessing a penalty was a completely manual process. New screens in the Modernized SSI Claims System (MSSICS) now include a screen for assessing penalties. Along the overpayment path, the penalty screen is available for the field office (FO) to add a penalty to the individual's record. The system automatically adds the penalty amount to the record for collection and notice language is now automated. These two improvements were implemented in September 2001.

On March 1, 2002, we issued a program circular reinforcing the policy on assessing penalties. The circular pointed out notice software enhancements field components can use to more easily produce penalty assessment notices. By the end of the year, we will issue a fact sheet to FOs reminding them of the importance of applying penalties when applicable and the procedures for assessing penalties.

SSA's administrative sanction authority is relatively new. (SSA began using the authority under Interim Final rules in October 2000.) SSA sought the authority to act as a deterrent in cases where recipients incur overpayments based on fraud, but the dollar amount is not significant enough for the Inspector General to recommend for prosecution. Through the end of July 2002, we have imposed sanctions on 60 SSI cases, 16 cases have been deferred pending future entitlement, and numerous others are in various stages of due process. To ensure that our FOs are aware of the availability of sanctions, we have issued several reminder messages, held Broadcast interactive video training sessions and issued a policy instruction section on the process. We continue to work with the regions and our Inspector General's office to improve the identification of appropriate cases to refer for sanction and to refine procedures for imposing sanctions.

We will continue to evaluate our policies for penalties and administrative sanctions and take appropriate actions to remove any barriers to their usage or effectiveness.

GAO Recommendation 4

Reexamine policies and procedures for SSI overpayment waivers and make revisions as appropriate. This should include an assessment of the current costs and benefits associated with the \$500 waiver threshold and the extent to which staff correctly apply waiver policies.

SSA Comment

We will review the current \$500 waiver threshold, including an assessment of the costs and benefits associated with the policy and an analysis of the extent to which staff correctly apply waiver policies. However, we believe that we have substantial evidence to support our contention, shared with GAO during the report clearance process, that waivers have increased due to the increase in Continuing Disability Review (CDR) activity rather than as a result of the waiver tolerance.

The waiver tolerance, established in December 1993, is a breakeven point at which the dollar amount of overpayments recovered from waiver requests (including both allowed and denied waivers) equals the resource cost of adjudicating those waivers. SSA uses the waiver tolerance only when the overpaid person or his representative requests waiver; SSA does not arbitrarily decide to grant waiver in the absence of a waiver request. The value of waivers granted for debts under \$500 has remained steady at \$32 million from 1995 through 2001. And, in 1993, before we adopted the higher tolerance, 25.4 percent of all waivers were for debts under \$500. In 2001, only 16.8 percent of all waivers were for debts of that amount or less. It does not appear that the waiver tolerance is the cause of the growth in waivers, which really began in 1999.

In 1999, SSA greatly increased its CDR activity (792,000 SSI-only CDRs conducted in 1999; up from 389,000 conducted in 1998). When a CDR results in a cessation decision, a recipient is entitled to request benefit continuation until after an administrative hearing. Because it can take a protracted amount of time before the hearing is held and a decision is rendered, large overpayments can accrue in these cases. If a cessation decision is upheld at a hearing, most recipients request waiver of the overpayment, and most meet the requirements for approval of the waiver.

In 1999, waivers also began increasing in total dollar amount. For example, SSA waived \$91.1 million in 1998, \$145.2 million in 1999, \$194.4 million in 2000, and \$174.3 million in 2001. We believe that the increase in CDRs is primarily responsible. To reach this conclusion, we performed a special systems run of SSI record data to identify the dollars waived from 1995-2001, where the cause of the overpayment was N07 (disability cessation/final decision on CDR).

<u>FY</u>	<u>N07 Waivers</u>	<u>Non-N07 Waivers</u>	<u>Waivers Under \$500</u>
1995	\$.6m	\$ 73.2m	\$32.2m
1996	\$.9m	\$ 74.9m	\$33.1m
1997	\$ 3.0m	\$ 78.0m	\$31.9m
1998	\$10.0m	\$ 81.1m	\$31.1m
1999	\$45.0m	\$100.2m	\$31.4m
2000	\$70.0m	\$124.4m	\$32.1m
2001	\$46.0m	\$128.3m	\$32.9m

The chart clearly indicates that the significant increase in waivers began in FY 1999. This is also consistent with the significant increase in overall SSI waiver dollars.

Other Comments

Page 6, Paragraph 1

The Cooperative Disability Investigation (CDI) teams are an SSA effort, not just an OIG effort. This successful project is managed by SSA's Office of Operations and Office of Disability as well as the OIG. It has been very much a cooperative effort. In addition, the sentence "These teams consist of OIG investigators, state law enforcement officers and state DDS staff..." should be corrected to state "These teams consist of OIG investigators, SSA staff, state or local law enforcement and state DDS staff..."

Page 7, First Full Paragraph, Sentence 4:

We recommend revising this sentence to read, "SSA also made systems enhancements to better identify newly entitled recipients with uncollected overpayments..."

Page 7:

We recommend including the following as a separate paragraph after the first full paragraph on page 7 to disclose an additional system initiative:

"Also, SSA is implementing another systems initiative to reduce instances in which overpayments are computed on supplemental security records (SSR). This initiative will create a new automated process to net overpayments against underpayments when the SSI system computes these amounts on an SSR. Today, netting requires SSA employees to record a series of transactions and, as a result, many opportunities to perform netting are being lost. SSA estimates that automating the netting process will reduce overpayments computed on SSRs by up to \$60 million each year, with a corresponding reduction in underpayments paid to beneficiaries. SSA is scheduled to implement automatic netting in September 2002 and will routinely monitor the results of this new process."

Page 15, Paragraph 1,

GAO states that SSA has not yet implemented some debt collection tools. While this is true, the report should explain why those collection tools have not been implemented. Since 1998, SSA has developed and implemented no less than eight new debt collection initiatives: tax refund offset for SSI debts; credit bureau reporting for title II debts; administrative offset for title II debts; benefit payment offset; Federal Payment Levy Program; mandatory cross program recovery; credit bureau reporting for SSI debts; and administrative offset for SSI debts. We made a conscious decision to implement those tools we judged would be most cost effective first. The reason the other tools cited by GAO have not been implemented is that SSA has been busy working on the debt collection tools that provide direct collections or that could be integrated into its existing debt management system. The remaining debt collection tools cited by GAO—administrative wage garnishment, Federal salary offset, private collection agencies, and interest charging—are being actively pursued as resources permit.

Related GAO Products

Social Security Administration: Agency Must Position Itself Now to Meet Challenges. [GAO-02-289T](#). Washington, D.C.: May 2, 2002.

Social Security Administration: Status of Achieving Key Outcomes and Addressing Major Management Challenges. [GAO-01-778](#). Washington, D.C.: June 15, 2001.

High Risk Series: An Update. [GAO-01-263](#). Washington, D.C.: January 2001.

Major Management Challenges and Program Risks: Social Security Administration. [GAO-01-261](#). Washington, D.C.: January 2001.

Supplemental Security Income: Additional Actions Needed to Reduce Program Vulnerability to Fraud and Abuse. [GAO/HEHS-99-151](#). Washington, D.C.: September 15, 1999.

Supplemental Security Income: Long-Standing Issues Require More Active Management and Program Oversight. [GAO/T-HEHS-99-51](#). Washington, D.C.: February 3, 1999.

Major Management Challenges and Program Risks: Social Security Administration. [GAO/OCG-99-20](#). Washington, D.C.: January 1, 1999.

Supplemental Security Income: Action Needed on Long-Standing Problems Affecting Program Integrity. [GAO/HEHS-98-158](#). Washington, D.C.: September 14, 1998.

High Risk Program: Information on Selected High-Risk Areas. [GAO/HR-97-30](#). Washington, D.C.: May 16, 1997.

High Risk Series: An Overview. [GAO/HR-97-1](#). Washington, D.C.: February 1997.

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