

Social Security Administration



Improper Payments Elimination and Recovery Act Supplemental Security Income Remediation Plan

June 4, 2020

Social Security Administration Improper Payments Elimination and Recovery Act Compliance Report

Background

The Improper Payments Information Act (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), requires agency Inspectors General (IG) to review the annual *Agency Financial Report* (AFR) and accompanying materials for the most recent fiscal year to determine compliance with improper payments reporting. If the agency IG finds the program not compliant for one fiscal year, then the agency must submit, within 90 days of that determination, a plan to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Reform, and the Office of Management and Budget (OMB) that describes the actions the agency will take to become compliant. The IPIA and OMB implementing guidance (OMB Circular A-123, Appendix C) requires the plan to include:

- Measurable milestones to be accomplished to achieve compliance for each program or activity;
- The designation of a senior agency official who should be accountable for the progress of the agency in coming into compliance for each program or activity; and
- The establishment of an accountability mechanism, such as a performance agreement, with appropriate incentives and consequences tied to the success of the senior agency official in leading agency efforts to achieve compliance for each program and activity.

If an agency is not compliant for two consecutive fiscal years, as part of developing the President's Budget, OMB determines if additional agency funding would assist with IPERA compliance, and if so, the agency head would be required to obligate additional funds—in an amount determined by OMB—for intensified compliance efforts.

If an agency IG finds the program not compliant for three consecutive fiscal years, the agency must submit within 30 days of that determination the following information to Congress:

- Reauthorization proposals for each program or activity that has not been in compliance for three or more consecutive fiscal years; or
- Proposed statutory changes necessary to bring the program or activity into compliance.

According to OMB guidance, agencies found to be not compliant for four or more consecutive fiscal years for the same program or activity must submit to Congress and OMB, within 30 days of that determination, a report on the actions taken in response to the prior findings of noncompliance, including those actions that are still relevant and being pursued as a means to prevent and reduce improper payments.

Our IG found¹ that our Supplemental Security Income (SSI) program was not compliant with the improper payment requirements, because we failed to meet our annual reduction target for fiscal year (FY) 2018² (i.e., projected error rate, as reported in our FY 2019 AFR).

FY 2019 is the seventh consecutive year our IG determined that the SSI program was noncompliant with IPERA, because we did not meet our reduction target for improper overpayments. Our reduction target for FY 2018 was 1.20 percent for improper underpayments and 6 percent for overpayments. The actual error rates for improper underpayments and overpayments were 1.48 percent and 8.23 percent, respectively. The rates noted above are from our FY 2018 payment accuracy review. The results of the FY 2018 review were not available until FY 2019.

SSI Payment Accuracy							
AFR Year	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Underpayment Error	1.78%	1.66%	1.48%	1.36%	1.23% ³	1.13%	1.48% ⁴
Underpayment Error Target	≤1.20%	≤1.20%	≤1.20%	≤1.20%	≤1.20%	≤1.20%	≤1.20%
Overpayment Error	6.34%	7.57%	6.95%	6.06%	7.62%	7.29%	8.23%
Overpayment Error Target	≤5.00%	≤5.00%	≤5.00%	≤5.00%	≤5.00%	≤6.00%	≤6.00%

Accordingly, this report contains the actions we have taken in response to the prior findings of non-compliance, and those actions that are still relevant and being pursued as a means to prevent and reduce improper payments.

SSI Program

Our greatest payment accuracy challenge is the SSI program. The law governing the SSI program creates complexity for determining eligibility and calculating SSI payments. SSI is a needs-based program for individuals with limited income and resources who are blind, disabled, or aged. We generally make SSI payments for a month on the first day of that month. Even if

¹ The Social Security Administration’s Compliance with the *Improper Payments Elimination and Recovery Improvement Act of 2012* in the Fiscal Year 2019 Agency Financial Report.

² Improper payment results reported in the Agency Financial Report are based on the results from the prior fiscal year. Fiscal year 2019 results will not be available until summer 2020, and will be reported in our fiscal year 2020 Agency Financial Report.

³ OMB Circular No. A-123, Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments*. A program will have met an overpayment or underpayment error rate target if the improper payment rate falls within plus or minus 0.1 percentage points of the overpayment or underpayment error rate target.

⁴ OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*. A program will have met an overpayment or underpayment error rate target if the target falls within the confidence interval for the improper payment rate.

the payment is correct when paid, changes can occur during the month that can make the amount we paid for that month incorrect. Thus, the program requirements themselves sometimes cause improper payments.

An SSI recipient's monthly income, resources, and living arrangements affect his or her eligibility for the program and the monthly benefit amount, and relatively minor changes (e.g., an extra dollar or two of wages, or a financial account with a few dollars in excess of the allowable resource limit) can result in an improper payment. Improper payments often occur if recipients (or representative payees on their behalf) or deems⁵ fail to report changes timely. Failure to report such changes is the primary cause of both overpayment and underpayment errors. We remain committed to simplifying the SSI program in a fair and equitable manner, and we continue to recommend legislative improvements to Congress.

Improving Payment Accuracy

The American people expect us to be good stewards of all programs administered by the Social Security Administration (SSA), and we are dedicated to safeguarding taxpayer dollars. We have expanded our payment accuracy initiatives by using more data, better technology, and enhanced policies to ensure that we are paying the right amount to the right person and to detect and prevent fraud.

Dedicated Program Integrity Funding

We appreciate Congress's support of our core program integrity activities by appropriating dedicated funding for them. We use this funding to conduct medical continuing disability reviews (CDR), which are periodic reviews that ensure beneficiaries continue to be disabled and qualify for disability benefits under the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) (referred to as OASDI when discussing them in combination), and SSI programs. Our FY 2020 Operating Plan to Congress, released on January 30, 2020, included a goal of completing 703,000 full medical CDRs in FY 2020. This number could change due to our focus on providing critical services during the 2019-Novel Coronavirus (COVID-19) pandemic.

We also use these funds to perform SSI non-medical redeterminations. Redeterminations are reviews in which we confirm whether recipients continue to meet the program's income and resource limits. These reviews save significant program dollars by ensuring that only those individuals eligible for payments continue to receive them. Our FY 2020 Operating Plan to Congress included a goal of completing nearly 2.2 million SSI non-medical redeterminations in FY 2020. This number could change due to our focus on providing critical services during the COVID-19 pandemic.

We estimate that medical CDRs conducted in FY 2020 will yield net Federal program savings over the next 10 years of roughly \$8 on average per \$1 budgeted for dedicated

⁵ Individuals such as a parent or spouse who are not eligible for SSI and whose income and resources are considered in determining an applicant's or recipient's eligibility and payment amount.

program integrity funding, including OASDI, SSI, Medicare, and Medicaid effects. Our estimates indicate that non-medical redeterminations conducted in FY 2020 will yield a return on investment of about \$3 on average of net Federal program savings over 10 years per \$1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

Quality and Payment Accuracy Initiatives

Making the right payment to the right person at the right time has been one of our longstanding priorities. It embodies the service and stewardship obligations we have to current and future generations of workers. Our enacted FY 2020 budget has allowed us to sustain our current methods of detecting improper payments, like our Access to Financial Institutions (AFI) process, as well as initiate new ones.

Access to Financial Institutions

In general, if an SSI recipient's countable resources are \$2,000 or more as of the first day of the month, then he or she is ineligible for payment that month.⁶ Excess resources in financial accounts are the leading cause of overpayments in the SSI program, totaling over \$5 billion over the last 5 fiscal years. AFI enables us to detect underreported or unreported accounts by searching financial institutions where individuals allege having accounts, as well as other institutions within close proximity of individuals' addresses for possible accounts. Consent to the account search is a condition of program eligibility, and financial institutions participate voluntarily. We also use AFI when deciding whether to waive recovery of an overpayment because a person was without fault in causing the overpayment and recovery would make the person unable to pay his or her ordinary and necessary living expenses.

Wage Reporting

Wages are also a leading cause of improper payments in the SSI program. While we use a number of sources to verify wage amounts, including payroll data provider information from The Work Number, obtaining these verifications is a manual process, and we continue to rely heavily on recipient reporting. To encourage wage reporting, we have implemented a number of automated reporting methods over the years. Most recently, we implemented an architecture that supports public-facing eService applications for computers and mobile devices, called myWageReport (myWR) for disability program beneficiaries and SSI recipients. This application, which is located behind the *my*SocialSecurity portal, is an alternative to the existing Mobile Wage Reporting downloadable application and the Telephone Wage Reporting voice telephone wage reporting system.

⁶ If a recipient is married to another recipient, then the couple together must have less than \$3,000 in countable resources to be eligible.

Integrating Third-Party Data

We are pursuing information exchanges with payroll data providers to obtain wage data to administer the OASDI and SSI programs and prevent improper payments. These information exchanges will enable us to match the payroll reported wages against our records and verify wages timely, without the need for additional verification by independent or collateral sources. We awarded a contract to a payroll data provider in September 2019, and we have begun developing necessary systems functionality to enable the data exchange.

Unreported and underreported property values are also leading causes of improper payments in the SSI program. We have integrated third-party non-home real property ownership data directly into our claims system as a prompt for further development. By expanding the use of commercial data in initial claims and redetermination processes, we reduce our reliance on recipient reporting and improve the timeliness and accuracy of information needed to determine payment and eligibility.

We rely on self-reports of foreign travel from claimants, beneficiaries, and recipients, many of whom do not report foreign travel timely or at all. Untimely reporting or non-reporting results in overpayments. One of our priorities is to combat leading causes of overpayments by leveraging external data sources in our business processes. To that end, we signed a Memorandum of Agreement with the Department of Homeland Security (DHS) to obtain foreign travel data from its Arrival and Departure Information System (ADIS) for people applying for and receiving SSI, OASDI, and Medicare-only payments. ADIS is an electronic repository of pre-entry, entry, status management, and exit tracking for all non-U.S. citizens.

Actions to Address Not Meeting the SSI Improper Payment Targets for the Fourth or More Consecutive Year

1. The activities taken to complete the requirements for one, two, three, four, etc., consecutive years of non-compliance.

Our payment accuracy review findings for FYs 2014-2018 show that the major causes of overpayments in the SSI program are unreported:

- Financial accounts (e.g., savings or checking accounts or credit union accounts with balances in excess of the SSI resource limits);
- Wages;
- In-kind support and maintenance (ISM); and
- Other real property (i.e., unreported ownership of non-home real property).

Financial Accounts

To prevent and reduce overpayments caused by excess resources in financial institution accounts, we developed the AFI program. AFI is an automated process that verifies bank account balances with participating financial institutions and searches up to 10 financial institutions for undisclosed accounts. We use AFI to verify financial accounts during the SSI application process and during redeterminations of continued eligibility. If verified balances exceed the current SSI resource limit, we prevent or stop payments.

Wages

Section 824 of the Bipartisan Budget Act of 2015 (BBA 2015, P.L. 114-74) authorizes us to obtain wage information from commercial payroll providers and use it to automatically adjust benefit amounts, thereby conserving administrative resources and reducing improper payments. Since FY 2017, as part of the SSI application and redetermination process, we have been asking applicants and recipients to provide us with consent to obtain wage information from payroll data providers via an automated information exchange, which we plan to use to determine payment amount and eligibility for both SSI and certain DI benefits.

In-Kind Support and Maintenance

ISM is unearned income a recipient receives in the form of food, shelter, or both from family, friends, or other third-party resources. Overpayments can occur when the recipient fails to report the receipt of ISM or changes in his or her living arrangement. Underpayments can occur when the recipient's ISM amount is less than the amount used to calculate his or her monthly payment. Studies show that many of the errors attributed to ISM are due to the complexity of the statute and our regulations and policies concerning ISM. These policies may be difficult for SSI recipients to understand, making it challenging for them to report changes in a timely manner. The President's Budget for FY 2021 includes a legislative proposal that, if enacted, would replace ISM with a flat-rate benefit reduction for adults living with other adults.

Other Real Property

SSI ineligibility may result if a recipient owns real property (generally land and buildings, 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. From FY 2014 through FY 2018, undisclosed non-home real property was the fourth leading cause of SSI overpayments, with average projected improper payments of \$255 million per year. In the past, we relied on the applicant or recipient to report ownership of non-home real property. As part of our corrective actions in FY 2017, we provided our technicians with an electronic process, similar to AFI, to identify undisclosed property owned by the applicant, recipient, or deemor. In FY 2018, we applied an electronic process for receiving commercial records on real property ownership.

2. A description of any of the requirements above that were fulfilled in years one, two, three, or four that are still relevant and we continue to pursue as a means to prevent and reduce improper payments.

Financial Accounts

In October 2013, we lowered the AFI tolerance level to \$400 (i.e., we use AFI to check financial account balances when a person alleges liquid resources of at least \$400), and we increased the number of searches to up to 10 financial institutions for undisclosed accounts. We are exploring reducing the AFI tolerance from \$400 to \$0. While AFI is a critical tool for detecting unreported financial accounts, AFI searches are snapshots in time, and we determine SSI payment eligibility every month. Because account balances fluctuate regularly, AFI cannot detect or prevent all financial account errors.

In October 2015, we added systems functionality to allow technicians to include an address other than the current residence address, for geographic searches for prior addresses in AFI. In January 2016, we added functionality to search for financial institutions by the routing transit number when initiating AFI requests. In March 2016, we expanded AFI to include its use in certain OASI, DI, and SSI waiver requests as authorized by Section 834 of the BBA of 2015. At that time, we expanded AFI usage to Guam, American Samoa, Puerto Rico, and the Virgin Islands. In FY 2021, we will be able to electronically capture AFI authorization from overpaid individuals for waiver purposes.

Wages

We now capture SSI recipients' authorization to contact payroll data providers for evidence related to SSI eligibility and payment amounts. In addition, we added print options to allow the claims specialist to provide a printed copy of the authorization information to the person who provided the authorization or to the payroll data provider that may require proof of authorization prior to releasing personal information to us.

We continue to enhance our notices to include more consistent and clearer language on reporting responsibilities and penalties for OASDI beneficiaries and SSI recipients. We currently inform OASDI beneficiaries, SSI recipients, and representative payees about reporting responsibilities by various methods. We apprise them of their responsibilities during interviews and via application and redetermination forms, some award and post-eligibility notices, benefit check envelope enclosures, and booklets that accompany award notices. Our annual Cost-of-Living Adjustment notices also include reminders about reporting changes that could affect benefit payments and eligibility.

In FY 2019, we developed a marketing strategy to inform members of the public of their reporting responsibilities for wages and resources. We are developing a video for broadcast to the public on closed-circuit televisions in field offices explaining how recipients can submit paystubs using myWR to improve reporting of wages and self-employment.

In FY 2019, we awarded a contract to build an information exchange for monthly wage and employment information from third-party payroll data providers. The information exchange, which should be fully implemented in FY 2021, is a cost-effective method to obtain and timely verify wage and employment information in a timely and automated fashion for individuals applying for or receiving benefits.

In-Kind Support and Maintenance

We continue to review our ISM-related operating instructions and related statutes and regulations in an effort to simplify our processes. Based on our reviews, we issue periodic reminders and policy clarifications, as needed. We will continue to work with Congress and other stakeholders to propose legislative changes that would simplify this area and, thereby, reduce future ISM-related improper payments.

Other Real Property

LexisNexis/Accurant Risk Management Solutions (LexisNexis) database is a tool to obtain information about SSI applicants' or recipients' real property ownership, transfer of real property for less than fair market value, or recent sale of real property. In 2013, we conducted a test in 100 field offices (FO) to determine the cost benefit of using LexisNexis during initial claims interviews to identify real property owned by applicants or deemors that resulted in ineligibility for SSI. We analyzed the data to determine the cost benefit of using LexisNexis, including prevention of improper payments and time our FOs spent querying and reviewing real property data. Our findings indicated that using this tool was cost effective.

In December 2013, we initiated a study in the same 100 FOs to test the use of LexisNexis data during high-error redetermination interviews to identify improper payments due to ownership of undisclosed non-home real property. We analyzed data from over 19,000 redeterminations and released our findings in September 2014. The findings showed that using this process was a cost-effective method for preventing and reducing SSI improper overpayments.

In November 2015, we began pursuing nationwide expansion of non-home real property integration with the SSI system. In September 2017, we fully implemented the process for initial and high-error redetermination interviews.

We are developing a cost-benefit analysis to determine the impact of the integration of third-party non-home real property data with the SSI system. We are assessing the effectiveness of national implementation of the electronic process and plan to report on the outcomes of the automated process in FY 2020.

Expand and Promote the Use of myWage Reporting

The BBA of 2015 required that we implement changes to improve efficiency in processing wage reports for DI beneficiaries. BBA Section 826 required we implement a system that would permit DI beneficiaries to report their earnings via electronic means,

including telephone and Internet, and receive an automated receipt similar to the processes available to SSI recipients.

In FY 2017, we began offering the myWR application to disability program beneficiaries. In FY 2018, we released myWR for SSI recipients, their representative payees, and deemors to allow them to have a convenient option to report earnings electronically. In addition, we provide an automated receipt that the reporter can view, print, and save, and this information is stored in our system. To increase use of myWR, we are promoting the online service to beneficiaries, representative payees, and advocacy groups.

In FY 2019, we completed enhancements to the myWR receipts and paystub confirmation feature and the representative payee portal.

In FY 2020, we developed a desktop video-on-demand refresher training for technicians. We plan to expand our management information capabilities by gathering more data for accurate and timely insight to measure myWR's effectiveness and inform future improvements.

Continue Cost-Effective Program Integrity Work

We perform mailer and full medical CDRs to ensure that disabled individuals continue to meet the definition of disability and continue to qualify to receive benefits under the OASDI and SSI programs. For those receiving SSI, we also perform non-medical redeterminations to confirm whether recipients meet the program's non-medical eligibility criteria. At the end of FY 2018, we reached a milestone by becoming current with our medical CDRs, and our goal is to remain current in our CDR workload in FYs 2020 and 2021. In FY 2021, the President's Budget funds the completion of 690,000 full medical CDRs and 2 million redeterminations.

We established a data exchange agreement with 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 for 30 consecutive days or an entire calendar month. In June 2019, we released the first phase of our Foreign Travel Data (FTD) application that allows field office staff to query ADIS. Currently, field office staff use the FTD application when completing SSI redetermination eligibility reviews for non-U.S. citizens. We are collecting and analyzing the data to determine the reliability of travel information and how much money is being saved by obtaining ADIS data. DHS has added prospective data on foreign travel for U.S. citizens and is working to include historical data. When that is complete, 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 ADIS to include U.S. citizen SSI recipients.

Program Integrity Related Legislative Proposals

In addition to the projects mentioned above, the President's Budget for FY 2021 enables us to continue our effort to achieve high payment accuracy. The following legislative proposals would further support our efforts to prevent SSI improper payments.

Authorize SSA to Use All Collection Tools to Recover Funds in Certain Scenarios

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

Improve SSI Youth Transition to Work

To promote greater self-sufficiency for transition-age youth, the Budget would implement several SSI reforms. First, the Budget would better identify medical improvement at the earliest point to increase oversight and signal the importance of SSI youth investing in their education and development by instituting initial disability reviews at age 6 and 12 as well as increasing the frequency of CDRs performed. The Budget proposes to 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.

Simplify Administration of the SSI Program

This proposal would replace complex ISM 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, which would simplify the program and reduce the burden on beneficiaries and representative payees.