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**FEDERAL AGENCIES NEED SSA'S DEATH
INFORMATION TO AVOID ERRONEOUS PAYMENTS**

Statement of
Lawrence H. Thompson, Assistant
Comptroller General
Human Resources Division

Before the
Subcommittee on Oversight
Committee on Ways and Means
House of Representatives



SUMMARY

Several federal agencies erroneously pay millions of dollars to deceased beneficiaries because they lack a timely, effective way to detect unreported deaths and curtail payments. The number and amount of erroneous payments could be reduced by routinely obtaining and using the Social Security Administration's (SSA) comprehensive file of death information. SSA receives voluntarily reported death information from many sources and purchases death certificate information from the states.

The Office of Personnel Management (OPM), the Department of Defense (DOD), and the Railroad Retirement Board (RRB), are the only agencies that obtain and use SSA's voluntarily reported death information. No federal agency receives the death information SSA purchases from the states although VA and SSA are negotiating an agreement on such an exchange.

Upon matching OPM, RRB, DOD and Labor payment files for September 1989 with SSA's death information, we found these agencies paid benefits to 5,935 beneficiaries listed as deceased in SSA's records. The potential erroneous payments totaled \$4.3 million per month. In a similar study, we found that VA paid compensation and pension benefits to 1,212 veterans listed as deceased in SSA's records. The potential erroneous payments totaled \$475,000 per month.

States could also benefit from using SSA's data. We identified nearly 3,000 instances in which Maryland, Pennsylvania, and the District of Columbia paid welfare benefits to beneficiaries listed as deceased in SSA's records.

Even though SSA purchases death information from state bureau's of vital statistics, it does not make it available due to state disclosure restrictions and its concern that the receiving agency may not use the information properly. The restrictions are aimed at safeguarding the information from public disclosure and allowing states to obtain additional compensation for each agencies' use of the information. But public disclosure restrictions on such information are already provided for by federal law and would apply to agencies that obtained such information from SSA for use in their programs. Regarding additional state compensation, we fail to see why the federal government should have to purchase the same information from states more than once.

OMB should require the governmentwide use of SSA's death information. To facilitate this use, Congress will need to act to enable SSA to uniformly disclose its death information to other agencies, regardless of the source of the data.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to testify on our work concerning the use of the Social Security Administration's (SSA) death information by other federal agencies to help remove deceased persons from benefit rolls.

SSA maintains the most comprehensive list of death information in the federal government, and probably the nation. It routinely receives this information from voluntary sources, such as family members, funeral homes, and other federal agencies. To supplement these reports, SSA purchases death certificate information from state bureaus of vital statistics.

Your subcommittee asked us to determine whether SSA's death information is used by other federal agencies to detect erroneous payments and, if not, to assess the potential benefit from doing so. We matched SSA's death records with current payment records for programs operated by the Department of Labor, the Department of Defense (DOD), the Office of Personnel Management (OPM), and the Railroad Retirement Board (RRB). These agencies are responsible for administering 20 programs that annually pay more than \$56 billion in disability, retirement, and survivor benefits to over 5 million beneficiaries. Excluding social security, these programs make up 41 percent of the income security dollar.

Our testimony today also includes information from our July 1990 report on matching SSA's death records with the Department of Veterans Affairs' (VA) payment files for its compensation and pension programs, and a report to be issued soon on matching SSA's death records with payment files for the Food Stamp, Aid to Families With Dependent Children, and state general assistance programs administered by Maryland, Pennsylvania, and the District of Columbia.¹

Our work has shown that federal and state agencies erroneously pay millions of dollars each month to the accounts of deceased beneficiaries. Despite the enactment of legislation in 1983 intended to remedy this situation, agencies continue to rely on voluntary reporting to their individual programs to identify beneficiaries' deaths and initiate actions to either end or appropriately reduce benefits to survivors. Few agencies obtain SSA's more comprehensive file of voluntarily reported death information, and those that do could make more effective and timely use of the data to reduce erroneous payments. No federal agency receives the death information SSA purchases from the states, although VA and SSA are negotiating an agreement for such an exchange.

¹Veterans' Benefits: VA Needs Death Information From Social Security to Avoid Erroneous Payments (GAO/HRD-90-110, July 27, 1990).

FEW AGENCIES USE SSA'S DEATH INFORMATION

Most of SSA's data on beneficiary deaths--the voluntarily reported data--are available to any agency that requests it, but there is no governmentwide requirement that federal agencies obtain and use the information. Moreover, some benefit-paying agencies may not be aware of the data since SSA has not publicized its availability. Only three federal agencies--OPM, DOD, and RRB--obtain and use SSA's voluntarily reported death information. These agencies administer only 18 of the more than 100 programs providing cash or other assistance to individuals.

The Social Security Amendments of 1983 authorized SSA to obtain and share state death certificate information with other federal and state agencies. SSA purchases death information from state bureaus of vital statistics; however, it does not provide the information to any government agency because of state disclosure restrictions and its concern that agencies may not use the information properly.

BENEFITS OF USING SSA'S DATA

To illustrate the benefits that could be obtained by the routine use of SSA's data, we matched Department of Labor, OPM, RRB, and DOD payment files for September 1989 with SSA's death

information. The match showed that these agencies paid benefits to 5,935 beneficiaries listed as deceased in SSA's records at least 3 months earlier. The potential erroneous payments in these cases totaled \$4.3 million per month. In a similar study, we found that VA paid compensation and pension benefits to 1,212 veterans in April 1989 who were listed as deceased in SSA's records at least 4 months earlier. The potential erroneous payments totaled \$475,000 per month.

For the two Labor programs, which do not use any SSA data, we identified potential erroneous payments of \$127,647 per month to 123 deceased beneficiaries. For RRB, OPM, and DOD, we identified 613 cases using SSA's state death data and 5,199 cases using SSA's voluntarily reported data.

OPM and DOD officials attributed the large number of undetected deaths we identified, using the same SSA information they use, to delays in obtaining SSA's data and to inaccuracies in SSA's data. We note that SSA's data bases contain some inaccuracies, but SSA believes this information is at least 90-percent accurate.

To help quantify the benefits of using SSA's data, we referred 156 cases to Labor, RRB, OPM, and DOD for follow-up investigations. The four agencies identified 121 cases that should have been terminated, involving about \$2.4 million in

erroneous payments to decedents' accounts. In 73 (60 percent) of these cases, the payments exceeded \$10,000 per account. For example, SSA's records showed that a person receiving monthly OPM retirement benefits of \$2,304 died in November 1985. OPM verified the death and terminated benefits in October 1990, after erroneous payments exceeded \$122,000.

Terminating these cases was only part of the problem. In 70 percent of the cases, the benefits were not stopped until 1 to 6 years after the beneficiaries' recorded date of death. In these cases, it is much less likely that the erroneous payments will be recouped because of the amount of the erroneous payments outstanding and the increased likelihood of fraud.

As previously mentioned, states could also benefit from using SSA's death data. For a recent 2-year period, we identified nearly 3,000 instances in which Maryland, Pennsylvania, and the District of Columbia paid welfare benefits to beneficiaries listed as deceased in SSA's records for from 2 months to over 2 years after the date of death. States confirmed deaths and resultant erroneous payments in 86 cases that they investigated as part of a sample we provided them for verification.

COST OF USING SSA'S VOLUNTARILY
REPORTED DEATH DATA MINIMAL

SSA provides its file of about 40 million voluntarily reported deaths to DOD, OPM, and RRB without charge. The agencies that use SSA's death information consider it a cost-effective internal control to detect erroneous benefit payments. For example, OPM said it saved \$440 for each \$1 spent to perform its death matches for May-September 1990. The agencies' cost to use this information is minimal and considered a normal operating expense for ensuring the accuracy of program benefit payments.

BARRIERS TO USING SSA'S PURCHASED
DEATH INFORMATION NEED TO BE ADDRESSED

Impediments to governmentwide use of SSA's purchased death information include (1) state-negotiated restrictions on the use of the data by other federal agencies and (2) states' desire to be compensated for each federal agency's use of the death information they provide.

In 19 of its 53 state agreements, SSA is permitted to disclose state death information to other federal agencies. The receiving agency must, however, agree to (1) restrict the use of this information to screening of its benefit files and (2)

independently verify the fact and date of death before taking any action that may affect an individual's entitlement to benefits-- controls that we believe are reasonable. SSA is permitted to provide these data to other agencies, but it has not done so because it is concerned that other federal agencies may not verify the information in accord with the state restrictions.

The other 34 state agreements prohibit SSA from disclosing the purchased death information unless the receiving agency obtains written releases from each state. The states insisted on these restrictions as a condition for allowing SSA to purchase the information.

States give several reasons for the restrictions. One is that they wish to receive compensation through additional sales of death certificates--for use of their data. They also cite a desire to protect the confidentiality of the information.

We do not believe that either of these should be allowed to be a barrier to the use of state death data in other federal benefit programs. In particular, we fail to see why federal agencies that would use SSA's death information would also need, as a matter of course, to purchase individual state death certificates. Moreover, we fail to see why the federal government should have to purchase the same death information more than once from the states.

We also find the confidentiality argument unconvincing. The Social Security Act already precludes public disclosure of the state death information provided to SSA. This protection would logically extend to other federal agencies receiving the information from SSA.

The states also stand to benefit from the systematic use of SSA's comprehensive file of death information. Death information could be routinely provided to the states as part of the electronic social security number verification that SSA already provides each state. This would be particularly useful for preventing erroneous payments and fraud in such programs as Aid to Families With Dependent Children, Food Stamps, Medicaid, and other, totally state-funded, programs. The usefulness of this information would be the greatest if it included both the voluntarily reported as well as the state-purchased death information from all the states.

We believe the state death information is a critical internal control for reducing erroneous payments in both federal and state benefit programs and should be provided to SSA without restrictions for use by federal and state benefit programs. Thus, we believe legislation is needed that would enable SSA more easily to disclose the purchased data to other agencies. In

addition, OMB should require governmentwide use of SSA's comprehensive file of death information.

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Mr. Chairman, this concludes my prepared statement. We will be happy to answer any questions you or other members of the Subcommittee may have.