

September 1992

# SOCIAL SECURITY

## Causes of Increased Overpayments, 1986 to 1989



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Human Resources Division

B-250020

September 28, 1992

The Honorable Andy Jacobs, Jr.  
Chairman, Subcommittee on Social Security  
Committee on Ways and Means  
House of Representatives

The Honorable J.J. Pickle  
Chairman, Subcommittee on Oversight  
Committee on Ways and Means  
House of Representatives

In a report on the Social Security Administration's (SSA) management of debt-collection efforts, we presented information showing that the amount of newly detected benefit overpayments had increased from \$1 billion in 1986 to almost \$1.5 billion in 1989.<sup>1</sup> On August 1, 1991, you expressed concern about this increase and asked us to determine the reasons for it. You also asked us to determine whether large reductions in staff made by SSA during this period played a role.

In addition, you requested information about the general causes of overpayments in SSA programs, the average amounts and overall range of overpayments to individuals, and descriptive characteristics of typical individuals who receive overpayments. Subsequently, your staff asked us to provide examples of 100 current overpayment cases.

This letter responds to your concerns about the causes of the increase in detected overpayments from 1986 to 1989 and whether staff reductions occurring during this period affected the increase. Information on the general causes of overpayments in SSA programs is contained in appendix I. Information on the average amounts and ranges of overpayments and typical characteristics of those receiving overpayments is in appendix II. In an earlier letter, dated March 9, 1992, we provided examples of 100 overpayment cases.

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## Background

SSA administers various programs that together pay over \$23 billion in benefits each month to about 45 million people. The Retirement, Survivors, and Disability Insurance (RSDI) programs are entitlement programs, paying benefits based on a person's lifetime earnings history. The Supplemental Security Income (SSI) program is needs-based, paying

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<sup>1</sup>Debt Management: More Aggressive Actions Needed to Reduce Billions in Overpayments (GAO/HRD-91-46, July 9, 1991).

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benefits to aged, blind, and disabled people whose income does not exceed specified levels.

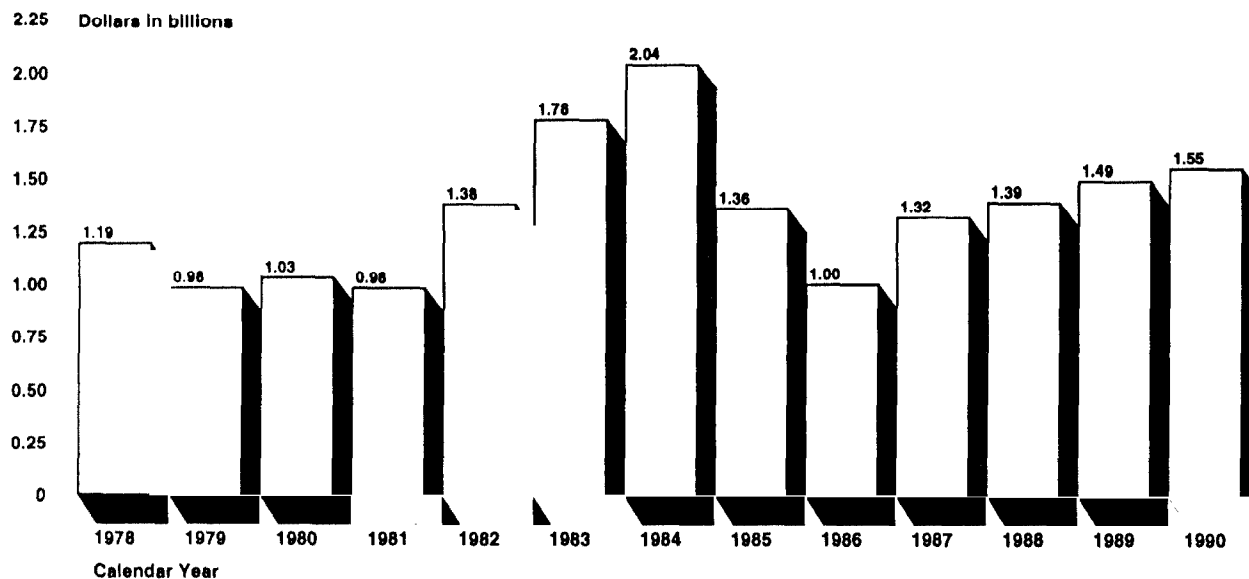
In each program, entitlement and benefit amounts can be affected by changes in the financial status of the persons receiving the benefits. A person's financial status can be affected by various types of common events, such as changes in living arrangements, marital status, physical condition, and income (earned and unearned). For example, persons between the ages of 65 and 70 receiving Social Security retirement benefits will lose \$1 in benefits for every \$3 earned over an allowed annual earnings level. Persons receiving ssi benefits whose countable income increases because of obtaining additional assistance (food, clothing, or shelter) may have their benefits reduced or terminated.

SSA relies heavily on the people receiving program benefits to voluntarily report this type of information in an accurate and prompt manner. SSA can then ensure continued eligibility and make timely adjustments to monthly benefits while minimizing overpayments. Reliance on timely and voluntary reporting, however, makes overpayments an inherent and chronic problem in program administration.

SSA uses other means to determine recipient income and account status changes, such as annual employer wage reports and state reports on deaths. But these sources of information are much less timely than recipient reporting, thus allowing substantial amounts of overpayments to accrue in the interim.

Figure 1 reflects SSA's overpayment experience from 1978 to 1990. It shows that the change in the amount of overpayments detected each year varies.

Figure 1: Amount of Overpayments SSA Detected (1978-90)



Source: Social Security Administration.

## Results in Brief

Several factors account for the approximately \$500-million increase in detected overpayments from 1986 to 1989. First, a one-time accounting adjustment to SSA overpayment records reduced the amount of overpayment detections in 1986 from about \$1.3 billion to \$1.0 billion. This \$340 million adjustment accounts for 68 percent of the increase. Second, SSA estimates that an operational improvement enhanced overpayment detections by about \$100 million (20 percent of the increase). Finally, program growth (increases in the number of people receiving benefits coupled with increases in benefit levels) accounts for the remaining increase in overpayment detections.

Although staff reductions could have contributed to increases in overpayments, we found no evidence to support this possibility. SSA does not maintain staffing and workload data that we would have needed to assess whether a direct relationship exists between staff reductions and increases in overpayment detections. In lieu of this type of information, we compared available overpayment data with various aggregate operational data from 1978 to 1990. We made these comparisons to assess whether

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changes in the rates of occurrence of detected overpayments could be observed during the period of staff reductions. These comparisons did not produce any indications that staff cuts played a role in the increased overpayment detections during this period.

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## Increases in Overpayments From 1986 to 1989

Although SSA accounting records show that overpayments increased by about \$500 million from 1986 to 1989, changes in the dollar amount of overpayments detected each year are an unreliable indicator of changes in the incidence of overpayments. Overpayment detections are determined by (1) the number of overpayments made, (2) SSA's level of effort to detect them, and (3) the effectiveness of its detection techniques. Consequently, yearly fluctuations in the amount of detected overpayments can be attributed to many different factors, such as more or less attention devoted to detecting overpayments, special initiatives to detect specific types of overpayments, increases in the number of beneficiaries, and increases in benefit levels.

Because there are so many influences on annual detection amounts, to precisely determine whether the number of overpayments made rose substantially during any period is impossible. We did, however, attempt to determine those situations that could have influenced the rise in the amount of detected overpayments between 1986 and 1989.

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## Accounting Adjustment Explains Most of the Increase

We found that the \$1 billion in detected overpayments in SSA's accounting records for 1986 does not include \$340 million in overpayments detected that year. A one-time adjustment was made to SSA's overpayment accounting records, SSA debt-management officials stated, reducing the amount of overpayments detected in 1986. The adjustment related to dual-entitlement situations under the SSI and RSDI programs. In 1984 and 1985, a software problem in the SSA overpayment system was improperly counting windfall benefits, withheld from people qualified under both programs, as overpayments. To correct its overstated records, SSA reduced the amount of 1986 detections from about \$1.3 billion to about \$1.0 billion rather than reducing the opening balance of uncollected overpayments going into the year. While this adjustment corrected the balance of its overpayment records as intended, it understated the amount of overpayments detected in 1986. This adjustment accounts for 68 percent of the increase from 1986 to 1989.

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## Better Detection of Overpayments

Between 1986 and 1989, SSA made an operational change that improved its ability to detect overpayments. Using tax information from the Internal Revenue Service, SSA upgraded its methods for detecting unreported financial assets of SSI recipients. SSA used information reported by third-party payers on form 1099. Form 1099 contains information on dividends, interest, and retirement distributions.

To identify recipients who failed to fully disclose their income, SSA matched form 1099 information with information in its SSI payment files. While SSA does not maintain data on the amount of overpayments detected by using the form 1099 information, SSA debt-management officials estimated that matching accounted for about \$100 million (20 percent of the increase in overpayment detections during this period).

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## Program Growth Accounts for Most of the Remaining Increase

In 1986, SSA was paying benefits to 41.6 million people. In 1989, SSA was paying benefits to 43.4 million people, about a 4.3-percent increase. This increase in the number of people receiving benefits creates more opportunities for overpayments, and can increase the amount of new annual detections. Further, at the same time, a 12.4-percent increase in benefit levels occurred. These two increases interact to increase (1) the chances of SSA making an overpayment and (2) the average value of an overpayment.

Assuming the rate of occurrence for detected overpayments remains constant in relation to the universe of recipients, we would expect a similar increase in overpayment detections of 4.3 percent. Applying this percentage increase to the \$1.3 billion in 1986 detections that SSA officials said was actually detected indicates that program growth was responsible for another \$56 million in detections. This represents about 11 percent of the \$500-million increase.

To estimate the effect of a rise in benefit levels on overpayment detections, we assumed that all new overpayments detected in the period are for the previous year's payments. We then applied the 12.4-percent cost-of-living increase in benefits occurring between 1986 and 1989 to the \$200-million growth in detections that actually occurred. This estimate would account for about a \$25-million increase in overpayments—about 5 percent of the growth.<sup>2</sup>

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<sup>2</sup>This may be an overestimate of the effects of cost-of-living increases because many overpayments encompass more than those of the previous year. We have no data to further refine the estimate, however.

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## Effect of Staff Cuts on Detected Overpayments

There has been congressional concern that the 20-percent staff reduction that took place in SSA from 1985 to 1990 may have played a major role in the increase in detected overpayments. More specifically, with less staff SSA might have reduced its efforts to verify the accuracy of information provided when a person filed a claim or to update its records to reflect changes in account status. In both cases, such a reaction to staff reductions would have contributed to an increase in payment errors.

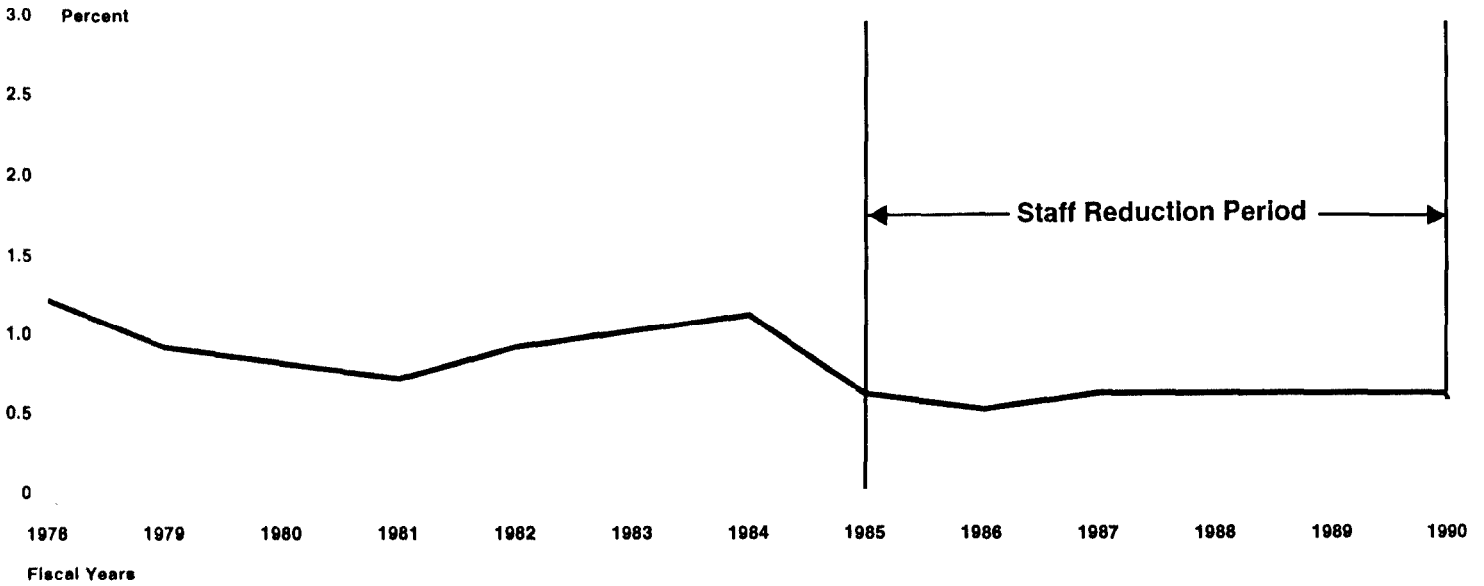
SSA does not maintain the staffing and workload data needed to directly assess the correlation between overpayments and staff levels. We examined district office workload reports to determine whether the effects of staff reductions could be related to local office overpayment levels. We found that the workload data maintained by SSA did not contain information on timeliness of changes in account status or staff time devoted to claim-development activities. The workload reports also contained limited data on the causes of overpayments, concentrating primarily on the number of overpayment cases pursued and collections.

In the absence of data needed to assess how staff reductions directly affected overpayments, we compared overpayment data with various operating statistics from 1978 to 1990. By comparing data over time periods before and during the staff cut period, we would expect to notice changes in the rates of overpayment occurrence, if staff reductions were a significant factor.

First, to assess whether there was a rise in the ratio of newly detected overpayments to total benefits paid, we compared the two amounts. Despite the increase in the amount of newly detected overpayments between 1986 and 1989, the rate of overpayment detections to total benefit payments has been relatively flat during the period (see fig. 2). Additionally, the rate of new overpayments to benefits paid was higher in the years before the staff reductions began.



Figure 2: Benefit Overpayments Detected as a Percentage of SSA Benefit Payments

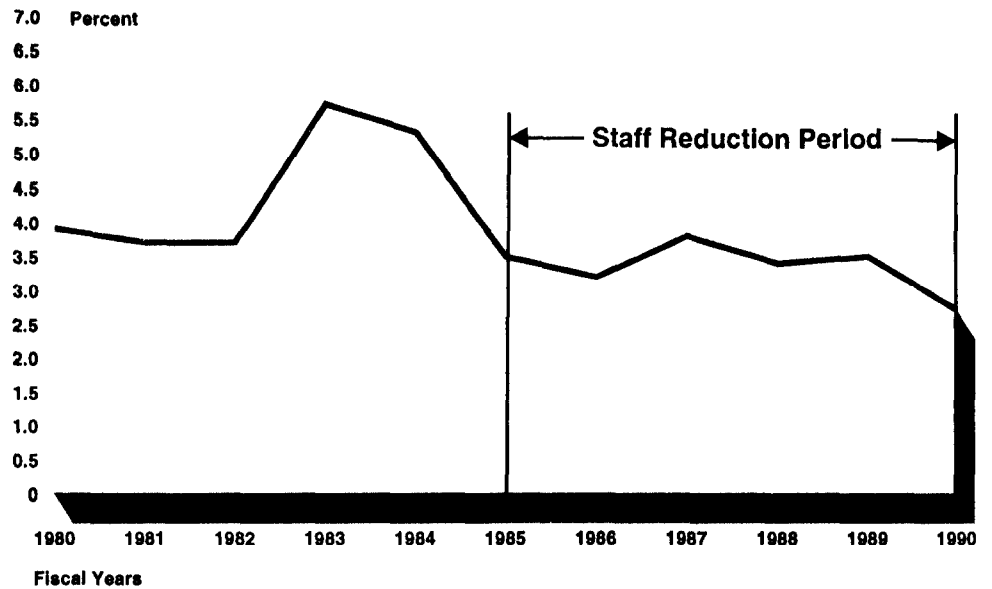


Source: Social Security Administration.

Next, to determine whether the effect of staff reductions could be seen if examined on a case occurrence basis, we compared the number of retirement program overpayment detections to the number of retirement program beneficiaries.<sup>3</sup> As shown in figure 3, the rate of overpayment detections stayed relatively level during the staff reduction period and was lower than when staff levels were higher.

<sup>3</sup>We made this comparison only for the retirement program because SSA does not maintain data on the number of overpayment actions for its other programs.

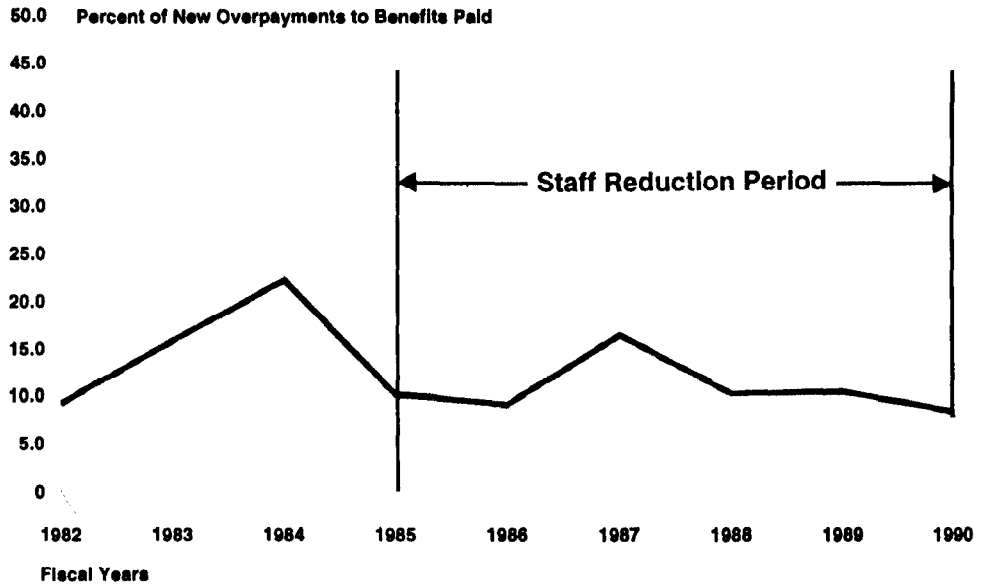
**Figure 3: Retirement Overpayments Detected as a Percentage of Retirement Beneficiaries**



Source: Social Security Administration.

Finally, to examine whether problems were occurring in developing claims, we compared the amount of newly detected overpayments to total benefits paid for new claims. This comparison did not produce any indication that staff reductions were contributing to SSA overpayments (see fig. 4). Furthermore, the ratio was lower in 1990 than it was before the staff reductions.

**Figure 4: Newly Identified Overpayments as a Percentage of Benefits Paid to New Beneficiaries**



Source: Social Security Administration.

## Scope and Methodology

Our work was carried out between October 1991 and March 1992 at SSA headquarters in Baltimore, Maryland, and at six field locations in the SSA Mid-Atlantic Region. As a part of our work, we reviewed our own studies of overpayments and those performed by SSA and the Department of Health and Human Services' Office of Inspector General, interviewed agency representatives involved in debt management, and analyzed information about overpaid beneficiaries from several of SSA's computer systems. We did not validate the information from SSA's computer systems. In all other respects, we carried out our work in accordance with generally accepted government auditing standards. See appendix III for more information on our scope and methodology.

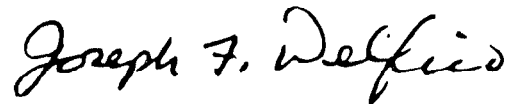
## Agency Comments

SSA commented on a draft of this report in a letter dated July 24, 1992. (See app. I.) Overall, SSA said that the report presents an accurate portrayal of the factors affecting benefit overpayment levels at SSA in recent years. We have incorporated SSA's technical comments where appropriate.

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Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to the Commissioner of Social Security and other congressional committees with oversight responsibilities for SSA operations. We will also make copies available to others on request.

If you have any questions or would like additional information, please call me on (202) 512-7215. Other major contributors to this report are listed in appendix IV.



Joseph F. Delfico  
Director, Income Security Issues



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# Contents

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Letter		1
Appendix I General Causes of Overpayments		14
Appendix II Statistics on Overpayments and Characteristics of People Receiving Them	Amount and Range of Overpayments Characteristics of People Receiving Overpayments	16 16 17
Appendix III Objectives, Scope, and Methodology		19
Appendix IV Comments From the Social Security Administration	GAO Comments	20 23
Appendix V Major Contributors to This Report		24
Tables	Table I.1: Cause of 1984 Overpayments in the Retirement and Survivors Insurance Programs Table II.1: Distribution of Overpayment Amounts for the RSDI Programs Table II.2: Distribution of Overpayment Amounts for the SSI Program Table II.3: Characteristics of Persons With Detected Overpayments	15 16 16 17

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Table II.4: Characteristics of Persons With Detected Overpayments Who Were Employed	18
Table II.5: Distribution of Employed Persons in the RSDI Programs by Income Ranges and the Average Overpayment Detected	18
Table II.6: Distribution of Employed SSI Beneficiaries by Income Ranges and the Average Overpayment Detected	18

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**Figures**

Figure 1: Amount of Overpayments SSA Detected	3
Figure 2: Benefit Overpayments Detected as a Percentage of SSA Benefit Payments	7
Figure 3: Retirement Overpayments Detected as a Percentage of Retirement Beneficiaries	8
Figure 4: Newly Identified Overpayments as a Percentage of Benefits Paid to New Beneficiaries	9

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**Abbreviations**

MBR	master beneficiary record
RSDI	Retirement, Survivors, and Disability Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	supplemental security record

# General Causes of Overpayments

An overpayment occurs whenever SSA pays beneficiaries or SSI recipients money to which they are not entitled. These overpayments are debts owed to the United States government and, if not recouped, they result in taxpayers' financing unwarranted program expenses.

To a large degree, SSA must rely on individuals to provide personal information in an accurate and timely manner so that it can ensure continued eligibility, adjust monthly benefit amounts, and minimize overpayments. Depending on the program, changes in beneficiary or recipient income from employment or investments, marital status, the number of entitled dependents, or the receipt of public or private assistance are conditions that can lead to overpayments.

Overpayment of program benefits has been a chronic administrative problem for SSA over the years as we, the Department of Health and Human Services' Office of Inspector General, and SSA itself, have reported. These studies have often observed that the principal cause of overpayments was that beneficiaries and recipients either do not report or inaccurately report changes in their financial status.<sup>1</sup>

Only one report focused on measuring the frequency of the many types of events that can cause an overpayment. This report, issued in 1985, was SSA's summary of the results of 26 studies of major events captured in its Recovery of Overpayment Accounting and Reporting system. This system tracks the amount of overpayments in the RSDI programs by 32 different types of events, such as the annual earnings test, incorrect benefit computation, and duplicate payments. The studies were designed to measure the underlying causes of overpayments detected during 1984. In all, the studies covered more than 95 percent of all overpayments made in the Retirement and Survivors Insurance programs for that year.<sup>2</sup>

In summarizing the results of the 26 studies, SSA aggregated the findings into eight categories, based on the amount of overpayments, that show the frequency of the causes of overpayments. It then compared the categories with the general causes of overpayments—beneficiary reporting errors, SSA errors, and unexplained errors. Of the total overpayments, 79 percent were caused by beneficiary reporting failures; about 17 percent of the

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<sup>1</sup>Need to Strengthen Social Security's Beneficiary Reporting Requirements and Enforcement Authority (GAO/HRD-85-12, Mar. 22, 1985); Millions Can Be Saved by Identifying Supplemental Security Income Recipients Owning Too Many Assets (GAO/HRD-81-4, Feb. 4, 1981); and Review of the Social Security Administrations's Efforts to Reduce the Amount of Title II Overpayments Caused by Beneficiary Failure to Accurately Estimate Current Year Earnings (OIG, A-03-86-62606, 1987).

<sup>2</sup>Causes of Retirement and Survivors Insurance Overpayments, SSA Office of Assessment (June 1985).



**Appendix I  
General Causes of Overpayments**

overpayments were caused by various SSA errors. The remaining 4 percent of the overpayments were caused by events that SSA could not explain. (See table I.1 for details.)

**Table I.1: Cause of 1984 Overpayments in the Retirement and Survivors Insurance Programs**

Figures are in percents

	Type of error		
	Beneficiary reporting	SSA	Unexplained
Late reporting by beneficiary	4.7	<sup>a</sup>	<sup>a</sup>
Nonreporting by beneficiary	35.2	<sup>a</sup>	<sup>a</sup>
Inaccurate reporting by beneficiary	38.8	<sup>a</sup>	<sup>a</sup>
Inaccurate earnings posting	<sup>a</sup>	0.8	<sup>a</sup>
Processing delays in program service centers	<sup>a</sup>	0.8	<sup>a</sup>
Processing delays in field offices	<sup>a</sup>	0.2	<sup>a</sup>
Administrative error	<sup>a</sup>	15.5	<sup>a</sup>
Other	<sup>a</sup>	<sup>a</sup>	4.0
<b>Total</b>	<b>78.9</b>	<b>17.3</b>	<b>4.0</b>

<sup>a</sup>Not applicable.

Source: Social Security Administration.

The category for administrative errors covers many different types of processing mistakes. The study reported, however, that most fell into four types: incorrect benefit computations; duplicate payments; failure to use available information, resulting from verification of school attendance, to adjust benefits; and errors caused in offsetting benefits under the annual earnings test.

Although this 1985 study examined overpayments detected in 1984, SSA officials said that they believe overpayments would be caused by the same types of events from 1986 to 1989. No data, however, exist to confirm this opinion.

# Statistics on Overpayments and Characteristics of People Receiving Them

To obtain information on the average amount of an overpayment, the range of overpayments, and characteristics of people who were receiving them, we asked SSA to provide a 1-percent sample of individuals extracted from their 1990 overpayment files. To obtain descriptive information on overpaid individuals, SSA then compared the sample with several other program files.

## Amount and Range of Overpayments

In 1990, total new detections of overpayments were about \$1.5 billion. Almost \$1.1 billion of the new detections were in the RSDI programs. In these programs, the average overpayment was \$1,400, ranging from less than \$1 to almost \$81,000. Despite this wide range, about 70 percent of the persons were overpaid less than \$1,000; less than 2 percent were overpaid by more than \$10,000 (see table II.1). SSA is very successful in recovering RSDI overpayments because the majority of these people remain on the payment rolls. This allows SSA to reduce future benefits to recover the overpayment.

**Table II.1: Distribution of Overpayment Amounts for the RSDI Programs (1990)**

RSDI overpayments	Percent
Under \$100	16.9
\$100-\$499	32.2
\$500-\$999	19.7
\$1,000-\$1,999	13.7
\$2,000-\$4,999	11.3
\$5,000-\$9,999	4.2
\$10,000 and over	2.0

In 1990, new overpayment detections in the SSI program were about \$400 million. In the SSI program, the average overpayment was \$430 and ranged from less than \$1 to about \$7,600. About 96 percent of the recipients were overpaid less than \$2,000 (see table II.2).

**Table II.2: Distribution of Overpayment Amounts for the SSI Program (1990)**

SSI overpayments	Percent
Under \$50	24.4
\$50-\$99	11.4
\$100-\$499	40.2
\$500-\$999	12.8
\$1,000-\$1,999	7.5
\$2,000-\$4,999	3.4
\$5,000 and over	0.3

SSA has less success recovering overpayments in the SSI program because many recipients lose their entitlement to benefits when their financial condition changes. SSA is then unable to reduce future benefits to recover overpayments. Further, since the SSI program is needs-based, prospects for collecting overpayments are low. SSI recipients, even with some income, generally remain at or below the established poverty level.

## Characteristics of People Receiving Overpayments

We obtained common characteristics about people receiving overpayments in the RSDI and SSI programs from several of SSA's program databases. The information included sex, marital status, age, employment status, and averages of benefits and overpayments detected in 1990.

These characteristics for people receiving overpayments in the 1-percent sample of the RSDI and SSI programs are shown in table II.3. People receiving overpayments in the RSDI programs were typically older than people receiving overpayments in the SSI program; average monthly benefits were almost twice as high in the RSDI programs as the SSI program. The average overpayment in the RSDI programs was about three times greater than the average SSI overpayment. The number of people in each program who were unemployed was very high compared with the general population. People in the RSDI programs, however, are more likely to be working.

Table II.3: Characteristics of Persons With Detected Overpayments (1990)

Program	Sex		Percent married	Average age	Employment status		Average monthly benefit	Average cumulative overpayment
	Female	Male			Employed	Unemployed		
RSDI	52	48	<sup>a</sup>	52	39	61	\$472	\$1,441
SSI	56	44	28	50	22	78	\$263	\$ 430

<sup>a</sup>Not available.

The same type of information is shown in table II.4, but only for those people receiving overpayments who were employed at some point in 1990. On average, the people in this group are younger than the overall population of people receiving overpayments in these programs. In addition, those in the RSDI programs who were employed had average annual earnings of \$8,300 (see table II.4). People receiving overpayments in the SSI program had average earnings of \$2,700.

**Appendix II  
Statistics on Overpayments and  
Characteristics of People Receiving Them**

**Table II.4: Characteristics of Persons With Detected Overpayments Who Were Employed (1990)**

Program	Sex		Percent married	Average age	Average monthly benefit	Average comulative overpayment	Average earnings
	Female	Male					
RSDI	51%	49%	<sup>a</sup>	50	\$503	\$1,723	\$8,264
SSI	46%	54%	15	38	\$284	\$ 403	\$2,675

<sup>a</sup>Not available.

The distribution of people receiving overpayments who were employed at some time while receiving benefits is shown in tables II.5 and II.6 by income ranges and the average overpayment for the persons in those ranges. Most people receiving overpayments had very low earnings in 1990. Within the RSDI programs, 73 percent of those who worked earned under \$10,000 (see table II.5). About 96 percent of those in the SSI program earned less than \$10,000 (see table II.6).

**Table II.5: Distribution of Employed Persons in the RSDI Programs by Income Ranges and the Average Overpayment Detected (1990)**

Earned income ranges	Percentage of beneficiaries	Average cumulative overpayment
Under \$1,000	15.4	\$1,414
\$1,000-\$6,999	43.8	1,407
\$7,000-\$9,999	13.8	1,578
\$10,000-\$19,999	17.4	2,113
\$20,000-\$29,999	6.0	2,927
\$30,000 and over	3.6	3,567

**Table II.6: Distribution of Employed SSI Beneficiaries by Income Ranges and the Average Overpayment Detected (1990)**

Earned income ranges	Percentage of SSI recipients	Average cumulative overpayment
Under \$1,000	35.4	\$267
\$1,000-\$1,999	22.5	269
\$2,000-\$2,999	12.1	399
\$3,000-\$3,999	8.9	445
\$4,000-\$4,999	6.5	555
\$5,000-\$6,999	6.6	633
\$7,000-\$9,999	4.4	805
\$10,000 and over	3.7	1,291

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# Objectives, Scope, and Methodology

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The objectives of our review were to (1) identify the reasons for the increase in newly detected overpayments between 1986 and 1989 and determine whether large staff reductions made by SSA during this period caused an increase in overpayment levels, (2) determine the general causes of overpayments in SSA programs, (3) determine the average amounts and overall range of overpayments to individuals, and (4) provide characteristics of typical individuals who receive overpayments.

We reviewed SSA management information and past studies or reports that would explain the causes of overpayments in SSA programs. Overall, we reviewed 17 of our reports, issued between 1976 and 1991, dealing with various SSA debt-management efforts. We also reviewed 19 reports concerning overpayments issued by the SSA Office of Assessment and the Department of Health and Human Services' Inspector General between 1984 and 1991.

We analyzed statistical reports on RSDI and SSI program overpayments for 1982 through 1991 and examined SSA's District Office Workload Reports from fiscal years 1979 through 1990 to assess whether staff reductions affected overpayment levels. We also interviewed officials from the Office of Inspector General, SSA's Office of Assessment, personnel in various SSA operations branches, and SSA officials involved in overpayment collections in SSA's Mid-Atlantic Program Service Center in Philadelphia.

To obtain information on the amount and range of overpayments, as well as characteristics of people receiving them, we obtained extracts from the master beneficiary record (MBR) containing information on persons receiving RSDI benefits, and the supplemental security record (SSR) containing information on persons in the SSI program receiving benefits. The extracts (1 percent of the overpayment cases) included descriptive information about each individual with an overpayment detected in 1990 in addition to the overpayment amount, balance, and current status of overpayment.

The MBR extract includes 48,755 beneficiaries in the RSDI programs who had an overpayment detected in their account during 1990. The SSR extract contained records for 10,632 recipients in the SSI program who had at least one overpayment detected in their accounts during 1990.

# Comments From the Social Security Administration

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



THE COMMISSIONER OF SOCIAL SECURITY  
BALTIMORE, MARYLAND 21235

JUL 24 1992

Mr. Joseph F. Delfico  
Director  
Income Security Issues  
United States General Accounting Office  
Washington, D.C. 20548

Dear Mr. Delfico:

Enclosed is our response to your draft report, "Social Security: Causes of Increased Overpayments 1986-1989". If we may be of additional assistance, please let us know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gwendolyn S. King".

Gwendolyn S. King  
Commissioner  
of Social Security

Enclosure

Appendix IV  
Comments From the Social Security  
Administration

COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION ON THE GENERAL  
ACCOUNTING OFFICE DRAFT REPORT, "SOCIAL SECURITY: CAUSES OF  
INCREASED OVERPAYMENTS 1986-1989"

We believe the report generally presents an accurate portrayal of the factors affecting benefit overpayment levels at the Social Security Administration (SSA) in recent years. We have the following comments and suggestions concerning the draft report.

Page 5- Better Detection of Overpayments

In order to present a more complete picture of recent overpayment detections at SSA, we believe this section of the report should address the impact of SSA's initiative to accelerate the earnings enforcement operations. Two such operations were conducted by SSA in 1989. These efforts resulted in about \$350 million in additional retirement, survivors and disability insurance program overpayment detections during 1989. Since this is the largest single factor in the rise in detections during the 1986-1989 timeframe, we believe the report should make specific mention of it.

We also suggest that the report describe in general terms how and why SSA conducts the earnings enforcement operation. Such a description would underscore the fact that increased debt detections are not inherently bad, but can rather enhance protection of the public's interest in the Social Security program.

Page 5- Accounting Adjustment Explains Most of the Increase

We believe the second paragraph of this section should be changed to better explain the reason for the accounting adjustment to reduce the amount of overpayment detections in 1986.

In May 1986, we discovered a software problem in our title XVI Overpayment/Underpayment System. Although individual records were correct, amounts deducted from retroactive Social Security payments to prevent a dually entitled beneficiary from receiving windfall benefits were incorrectly considered as overpayments for accounting purposes, thereby overstating our title XVI receivables. The problem had existed since January 1984.

Corrections were made to the software in August 1986 and the totals showed that the Federal portion of title XVI overpayments had been overstated by about \$340 million. All accounting reports were adjusted accordingly.

Page 2- Background

The second paragraph should be changed to indicate that benefits are reduced due to earnings only for those who have reached retirement age and are under age 70.

See comment 1.

See comment 2.

See comment 3.

**Appendix IV  
Comments From the Social Security  
Administration**

See comment 4.

**Page 4- Increases in Overpayments for the Period 1986-1989**

The report indicates that SSA has no way of knowing how many overpayments go undetected. This is untrue since we have regular reviews in place which identify undetected overpayments.

See comment 3.

**Page 21- Table II.4**

The column heading "average monthly overpayment" seems in error and should likely read "average cumulative overpayment."



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## GAO Comments

1. At a July 13, 1990, exit conference with SSA officials for our 1991 report on SSA debt management efforts, we told SSA that their overpayment detections increased by about 82 percent while collections increased only about 11 percent for the 1986-89 period. In 1990, SSA officials stated that our comparison was misleading because it included \$350 million in 1989 detections resulting from an accelerated enforcement effort conducted at the end of 1989. SSA ran its 1990 enforcement operation several weeks earlier than usual. This early run increased the amount of 1989 overpayment detections by about \$350 million. To make year by year comparisons consistent in the 1991 report, we deleted the overpayment detections attributable to the accelerated enforcement activity. Similarly, we do not include the \$350 million in overpayment detections in this report.

2. SSA officials told us on August 4, 1992, that the \$340 million overstatement of overpayment detections did not relate to those detected in 1986. SSA officials stated that SSA actually detected \$1.3 billion in overpayments in 1986. However, the accounting adjustment was made to the amount of 1986 detections to correct overstatements in its records for 1984 and 1985. SSA officials agreed that the adjustment should have been made to the opening balance of uncollected overpayments in 1986, rather than the amount of detections for that year. We modified this report accordingly.

3. The statement referred to by SSA has been revised.

4. The statement referred to by SSA has been deleted from the report.

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