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Report to the Chairman, Subcommittee
on Oversight, Committee on Ways and
Means, House of Representatives

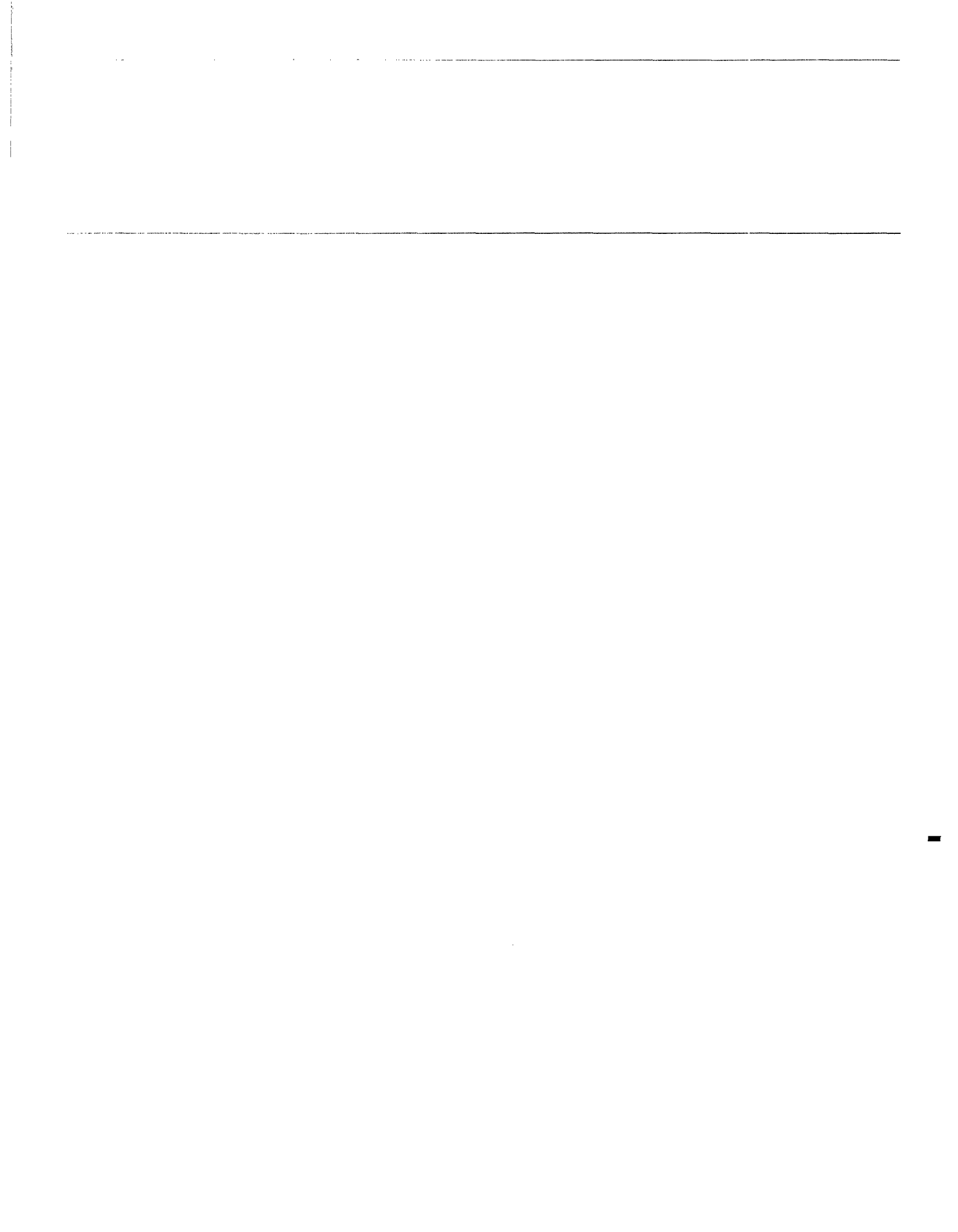
September 1992

SOCIAL SECURITY

Reporting and Processing of Death Information Should Be Improved



147469





Human Resources Division

B-245669

September 4, 1992

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

Dear Mr. Chairman:

This report responds to your request that we examine the Social Security Administration's (SSA's) process for obtaining information about deceased beneficiaries and terminating benefit payments. Prompt receipt and processing of death information by SSA is crucial to preventing overpayments by SSA, and as our earlier report showed, SSA's death information is valuable to other federal agencies in preventing millions of dollars in erroneous payments to deceased beneficiaries.¹ Your overall concern was that the death information SSA routinely receives and provides to other agencies may not be timely, accurate, or complete.

Specifically, you asked

- how long it takes family members, states, and others to report deaths to SSA;
- how long it takes SSA to terminate payments once death is reported; and
- whether delays in the reporting and processing of death reports prevent SSA from initiating timely recovery actions from Treasury for erroneous payments made to deceased beneficiaries.

You also asked if there are opportunities to improve the timeliness of death information reported to SSA.

Results in Brief

Most of the death information that SSA shares with other federal agencies is up-to-date and accurate. Deaths reported by family members, friends, and funeral homes, which account for about 90 percent of the 1.8 million deaths reported annually to SSA, are available on its data bases to be shared with other agencies within 3 weeks of the beneficiary's death. However, the information could be older by the time it is obtained by other agencies that request the data quarterly or semiannually. Generally, SSA takes 2 days to terminate benefits after a report of death from family

¹Federal Benefit Payments: Agencies Need Death Information From Social Security to Avoid Erroneous Payments (GAO/HRD-91-3, Feb. 6, 1991.)

members and friends. SSA generally takes 14 days to terminate benefits after a funeral home report of death.

SSA relies primarily on the state bureaus of vital statistics and the Health Care Financing Administration (HCFA) to report about 90,000 beneficiary deaths per year, but information from both these sources is not up-to-date. These reports are of particular importance to SSA because they accounted for about \$227 million of the \$703 million in erroneous payments that SSA estimates it made in fiscal year 1990 to deceased beneficiaries. Death reports submitted to SSA by the 9 states that we reviewed were, on average, 11 months old before the information was available to other agencies; HCFA reports of death were 4 months old before the information was available to other agencies.

Most of the death information that SSA shares with other federal agencies is accurate. Of the 2,493 death reports we reviewed from family members, friends, and funeral homes, less than 1 percent contained inaccurate information. Although somewhat less accurate than the reports received from family, friends, and funeral homes, state and HCFA death reports are verified and corrected for SSA beneficiaries before the information is made available to other federal agencies. Death information for non-SSA beneficiaries may be error prone because SSA does not verify this information.

Some state-provided death information is not shared by SSA with other federal agencies, because 32 states, the District of Columbia, and New York City restrict disclosure of this information. Further, funeral home reports for non-SSA beneficiaries are not consistently shared.

Delays in reporting and processing of HCFA and state death reports prevent SSA, within the 12 months generally required by law, from initiating Treasury Department recovery actions for erroneous payments to deceased beneficiaries. Consequently, SSA lost the opportunity to recover about \$5.8 million in erroneous payments for the 14-month period ending November 1990. The likelihood of losing an even larger amount is high unless SSA can substantially improve the timeliness in the reporting and processing of death reports. Moreover, other federal agencies using SSA's death information are most likely vulnerable to this same situation when initiating Treasury recovery actions for their program overpayments.

The process with the greatest potential for speeding up the reporting of death information is automating the transfer of this information between

funeral homes, the state bureaus of vital statistics, and SSA. All states maintain data on vital statistics such as deaths, but SSA has no automated access to this information. SSA plans to access and automate the exchange of state death information.

Background

SSA makes monthly benefit payments to about 44 million beneficiaries entitled to receive Social Security retirement, survivors, disability, and Supplemental Security Income (SSI) benefits. Each year about 1.8 million social security beneficiaries die. Their entitlement to benefits ends in the month of their death. Therefore, when SSA learns of a beneficiary's death, it is responsible for timely (1) termination of benefit payments and (2) initiation of action to recover any payments made after the death. SSA estimates that it paid \$703 million to the accounts of deceased beneficiaries in fiscal year 1990; all but about \$83 million should eventually be recovered. According to SSA, most of the \$83 million that will not be recovered involves the fraudulent cashing of deceased beneficiaries' checks and the inability of SSA to comply with the Competitive Equality Banking Act. This act generally restricts the time—to 1 year from the date a check is cashed—that federal agencies have to initiate action by the Treasury Department to recover erroneous payments.

In February 1991, we reported that most agencies were not requesting SSA's death information and that the routine use of this information by other federal benefit-paying agencies could significantly reduce erroneous payments and save taxpayers millions of dollars annually. We recommended that the Office of Management and Budget (OMB) require governmentwide use of SSA's death information. Subsequently, in January 1992 OMB directed federal agencies to begin using this information.

Scope and Methodology

We reviewed SSA's procedures and practices for obtaining death reports, terminating benefits to deceased beneficiaries, and initiating Treasury Department action to recover erroneous payments. We conducted our work at SSA headquarters, 12 SSA field offices in four SSA regions (Atlanta, Dallas, New York, and San Francisco), and the Treasury Department in Hyattsville, Maryland. Further details on our scope and methodology are in appendix I.

Most of the Death Information SSA Shares With Others Is Up-To-Date and Accurate

Most of the death information SSA receives is up-to-date and accurate. SSA, in turn, is generally timely in terminating benefits and making death information available for use by others. However, about 5 percent of the death reports (about 90,000) made to SSA by the states and HCFA are not up-to-date and are less accurate. In addition, some state information is not made available to other agencies due to state restrictions on its use.

Most Beneficiary Deaths Are Reported and Benefits Terminated Within 20 Days

Each year, about 90 percent of the 1.8 million beneficiary deaths are reported to SSA in a timely manner by family members, friends, and funeral homes.² Further, after receiving these reports, SSA is usually timely in terminating payments to these deceased beneficiaries.

Of the 297 death reports from families and friends that we reviewed, 264 (89 percent) were reported within 14 days of death. Of the 947 death reports from funeral homes we reviewed, 750 (79 percent) were reported within 5 days of death.

The speed at which SSA processes these death reports and terminates beneficiary payments depends on whether a report is received over the telephone or through the mail. Family members and friends frequently report deaths over SSA's 800 number telephone service, which has direct on-line access to SSA's computer systems. In our review, benefits were terminated within 2 days of the report in 89 percent of deaths reported over the telephone by family members and friends.

Funeral homes report the death of beneficiaries to local SSA field offices through the mail. For 72 percent of the funeral home reports that we reviewed, benefits were terminated within 14 days of the report of death. The additional time to process reports from funeral homes was due to the lack of priority given to the death reports by SSA's field offices. Of the 12 SSA field offices that we visited, none of the officials we talked to viewed the processing of funeral home death reports as a high priority.

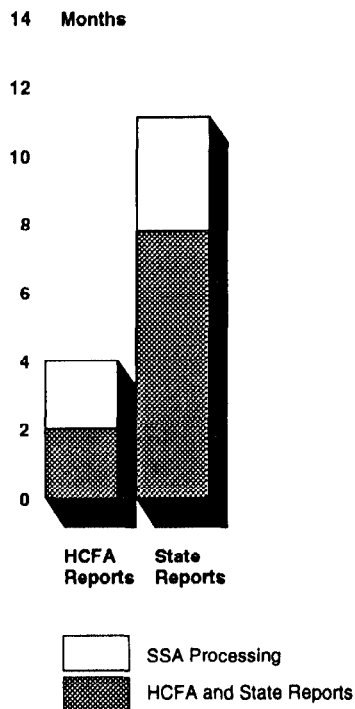
Months Required by States and HCFA to Report Deaths and by SSA to Terminate Benefits

SSA relies on the states and HCFA to report about 90,000 deaths annually (5 percent). These reports are of particular concern to SSA because they account for about 32 percent (\$227 million of the \$703 million) of the erroneous payments that SSA estimates it made to deceased beneficiaries in fiscal year 1990. We reviewed death reports submitted by nine states

²The postal authorities, using returned checks, report about 4 percent, and institutions such as nursing homes report another 1 percent.

and by HCFA and found that it took an average of 11 months to terminate benefits for state-reported deaths and 4 months for HCFA-reported deaths, as shown in figure 1.

Figure 1: Average Months to Terminate Benefit Payments for Deaths Reported by States and HCFA (1991)



The delay in state and HCFA reporting is caused primarily by the processes the states and HCFA use to record and share death information. About half of the 2 to 3 months it takes SSA to terminate payments is due to the time it takes its field offices to obtain the required verification of the fact and date of death. The above averages do not reflect that Utah, Virginia, and the Virgin Islands did not report death information to SSA in 1991.

State Death Reporting

Although all states and reporting jurisdictions, such as New York City and Puerto Rico, have entered into agreements with SSA that provide for monthly reporting of death information, not all jurisdictions report to SSA regularly; in many cases in which reports are provided, the information is not timely.

Since section 205(r) of the Social Security Act does not require the states to provide death information to SSA, a state can break the terms of its agreements with SSA. Consequently, to the extent this happens, SSA does not have information needed to curtail payments to deceased beneficiaries.

SSA's agreements with each reporting jurisdiction provide that deaths be recorded within 90 days of occurrence and reported to SSA within the next 30 days. However, in 1991, only New York City, among the 54 jurisdictions under agreement with SSA, provided death information monthly (see app. II). Further, Utah, Virginia, and the Virgin Islands did not provide any death reports to SSA during the year. In past years, the lack of reporting was even worse. In 1990, 5 jurisdictions did not provide SSA any death reports; in 1989, 15 jurisdictions did not report deaths to SSA. (See app. III.) To the extent that deaths occur in these states and were not reported by families, friends, or funeral homes, SSA or other agencies that receive SSA's death data could continue to pay benefits to these accounts.

For the 139 death reports we reviewed from 9 states that did report deaths to SSA, the elapsed time between the death and the receipt by SSA of that information averaged about 7.8 months. Fifty-eight percent of the reports were from 4 months to 1 year old; and 17 percent were more than 1 year old.

Deaths in the states we visited are first reported and recorded at the local level. New York, for example, has 1,500 reporting jurisdictions; Texas has 937. Generally, the city or county health department will code, number, and microfilm the death certificates before sending them to the state bureau of vital statistics (BVS). In some cases, a health department accumulates death records for a period of time before forwarding them to the BVS. For example, in two of the four states we visited, only death certificates received in the BVS by the 20th of the month are processed that month. Those received after the 20th are not processed until the next month. Further, usually at both the local level and the state level, each death certificate is reviewed for completeness—it must be signed by the funeral director, attending physician, and a city or county health department official. If the death certificate is not signed, it may be returned to the local jurisdiction to obtain the missing signature.

In addition to the delays in reporting caused by the states' normal processes, directors of two of the four state BVSS that we visited stated that budget constraints and staff shortages have caused additional delays in the

processing of death certificates. They pointed out that during periods of budgetary constraints, local health departments and the BVS have numerous and sometimes conflicting demands on their time that have an impact on the timely processing of death certificates. For example, in addition to death certificates, most BVSS are responsible for tracking, recording, and reporting births, marriages, and divorces.

HCFA Death Reporting

For the 123 HCFA death reports that we reviewed, 99 (80 percent) were reported to SSA within 2 months of the death. HCFA death reports are part of the Medicare reimbursement process for health care providers, such as hospitals and nursing homes. They submit bills to Medicare intermediaries, usually insurance companies like Blue Cross, as often as two times a month. The intermediaries then process the bills and submit them for payment to HCFA. When an SSA beneficiary who was receiving medical treatment reimbursed under Medicare dies, the intermediary's statement of account to HCFA will usually include a notice of the death. Shortly thereafter, HCFA notifies SSA of the beneficiary's death, unless the intermediary's statement involves a billing problem. If this happens, the statement is returned to the provider for correction. Further, some providers submit bills to reconcile accounts only a few times a year, drawing against an advance in the interim. This process builds in some delay, but HCFA officials believe that the period for reporting deaths to SSA is reasonable, and they have no plans to change it.

SSA's Processing of State and HCFA Death Reports

After receiving HCFA and state death reports, SSA frequently requires 2 to 3 months to process them and terminate benefits. We reviewed 52 state death reports for which SSA was still paying benefits at the time the reports were received. We found that SSA required, on average, 101 days to terminate benefits after receipt of the state report. We also reviewed 96 HCFA death reports for which SSA was still paying benefits at the time the report was received. SSA required an average of 54 days to terminate these benefits. SSA's processing times for the death reports we reviewed are shown in table 1.

Table 1: SSA Processing Time for State and HCFA Death Reports

Days	Death reports			
	State		HCFA	
	Number	Percent	Number	Percent
1 to 20	11	21	40	41
21 to 90	25	48	39	41
Over 90	16	31	17	18
Total	52	100	96	100

SSA requires its field offices to verify death reports from the states and HCFA before stopping benefit payments. To verify these reports, the field offices should attempt to communicate with the reported deceased beneficiary by telephone or certified letter to confirm the death. If the beneficiary fails to respond within 20 days, the field offices are to inform the SSA program service center to suspend benefits. After 90 days, if the beneficiary fails to respond to SSA, the program service center terminates benefits. At this point, the death information would become available for sharing with other agencies.

However, we found that most of the SSA field offices we visited were not attempting to communicate with the beneficiary. Instead, the field offices routinely verified state and HCFA reports by obtaining death certificates from state BVSS, the original source of the state death report, at a cost of \$8 to \$15 per record. This action causes considerable unnecessary expense to SSA because SSA had already purchased this information under its agreement with the states. In addition, the practice of purchasing a state death certificate circumvents SSA's policy of independently verifying these death reports, which is required under the agreements SSA has with each state BVS.

Death Information SSA Shares Is Accurate

Most of the death information that SSA shares with other federal agencies is accurate. Of the 2,493 death reports we reviewed from family, friends, and funeral homes, less than 1 percent contained inaccurate information. State and HCFA reports, although more error prone, are verified and corrected for SSA beneficiaries before the information is shared. Reports for people not receiving Social Security or SSI benefits may be in error since SSA does not verify the accuracy of this information.

Substantial numbers of state reports of death appear to be error free. All 139 death reports submitted by states that we reviewed were accurate. A February 1992 Department of Health and Human Services Inspector General report found 2 of 100 state reports inaccurate due to the name, date of birth, or sex code on the death report not exactly matching the information in SSA records for the deceased beneficiary. A March 1988 SSA study found less than 5 percent of the 4,500 state death reports reviewed from February 1983 through July 1987 to be inaccurate for the same reasons as the Inspector General report. However, the degree of error varied substantially across the states. For example, the error rate for 11 states was 0; for 8 states, less than 1/2 percent; and for 7 states, less than 2 percent. The range for all states was 0 to 13 percent. SSA computer routines

identify these problems, and all state reports are verified by field office personnel before benefits are terminated.

HCFA reports of death are more error prone. Of the 125 HCFA death reports we reviewed, 16 (13 percent) were inaccurate. A 1988 SSA study found 181 out of 1,303 (14 percent) HCFA death reports inaccurate. In all these cases, the people were still alive. SSA verifies this information as it does the state information.

Some Death Information Is Not Shared

Some death information that SSA collects is not shared with other federal agencies. Funeral home reports of death for people not receiving SSA benefit payments are inconsistently entered on SSA's data base, which is then shared. SSA's procedures do not provide a specific process for recording these reported deaths. Several field offices we visited held the reports for 90 days before sending the reports to SSA headquarters for recording in the data base SSA shares with other agencies; other field offices never sent the death reports to SSA headquarters.

SSA officials told us that all field offices were notified, by electronic mail, in both October and November 1991 that funeral home death reports for non-SSA beneficiaries should be routinely recorded in SSA's death data base. However, the procedures promulgating this policy have not been formally issued and incorporated into SSA's policy and instructions manual.

Further, the death information provided by 32 states, the District of Columbia, and New York City is not shared with other agencies because these jurisdictions restrict SSA's sharing the death information with others. This has been the subject of proposed legislation³ to require states to lift the restriction on federally purchased death data so that all federal agencies can use it to control program payments.

Delays in Initiating Recovery of Erroneous Payments Are Costing SSA Millions of Dollars

Delays in receiving and processing HCFA and state death reports frequently prevent SSA's initiating Treasury Department actions to recover erroneous benefit payments within the 12-month legal time limit. Consequently, each year SSA loses the opportunity to recover millions of dollars in erroneous benefit payments.

Public Law 100-86 allows the Treasury Department to collect money from the financial institutions that cash forged U.S. Treasury checks, such as SSA

³H.R. 3837.

payments, including cases in which checks were issued to deceased beneficiaries. The law, however, generally requires that Treasury reclaim the erroneous payment within 12 months of payment (the date the check was cashed) or lose the right of recovery.

A Treasury Department study found that for the 14-month period ending November 1990, SSA lost the opportunity to recover \$5.8 million in erroneous payments because SSA failed to initiate recovery within the 12 months required by law. Further, we found that SSA is continuing to lose the opportunity to recover erroneous payments made to deceased beneficiaries. We reviewed 16,189 SSA erroneous payment recovery requests processed by Treasury during March 1991, and found that 39 percent (representing about \$3 million in erroneous payments to deceased beneficiaries) had not been initiated by SSA until more than 1 year after the beneficiaries' deaths.

Other federal agencies that pay benefits also erroneously pay millions of dollars to deceased beneficiaries. To the extent that the timeliness of both death reporting and SSA's processing of death notices can be improved, all agencies using SSA's death information to identify and stop making erroneous payments should realize great savings. Moreover, improved timeliness should help all agencies initiate recovery actions within legal time periods.

Automating Reporting of Death Information Would Speed Up Data Transfer

More timely access to state death information would significantly reduce (1) the amount of time it takes SSA to receive a report of death and (2) the number of incorrect payments caused by late or missing beneficiary death reports. Death record information, as with other vital statistics data, is gathered by state BVSS from hospitals, funeral homes, and local registrars. While states retain the information they collect on electronic storage devices, SSA has no automated access to this information.

SSA's plans are to automate the exchange of state death information, as well as to obtain improved access to this data. Data communication lines have been established with 11 states, and others are to follow. In order to establish a communications link with the states, SSA has paid for the cost of the hardware, software, and communication lines.

Recommendations to the Commissioner

To improve the timeliness and accuracy of SSA's collection of death information, we recommend that the Commissioner of Social Security

- require field offices to adhere to established procedures for verifying beneficiary deaths reported by states and HCFA and
- formally promulgate procedures to record all deaths for non-Social Security beneficiaries in the data base of death information shared with other federal agencies and annotate the records to show that such reports are unverified.

As agreed with your office, we did not obtain written comments on a draft of this report. However, we discussed its contents with SSA officials responsible for obtaining beneficiary death reports and terminating benefits. These officials generally agreed with our conclusions and recommendations. They also provided other comments, and we have incorporated their views as appropriate.

We are sending copies of this report to appropriate congressional committees; the Director of the Office of Management and Budget; the Secretary of Health and Human Services; the Commissioner of the Social Security Administration; the Director of the National Association of State Bureaus of Vital Statistics; and other interested parties.

If you have any questions about this report, please call me on (202) 512-7215. Other major contributors are listed in appendix IV.



Jane L. Ross
Associate Director,
Income Security Issues

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Abbreviations

BVS	Bureau of Vital Statistics
HCFA	Health Care Financing Administration
OMB	Office of Management and Budget
SSA	Social Security Administration
SSI	Supplemental Security Income

Scope and Methodology

We assessed SSA's procedures and practices for obtaining death information, terminating benefit payments to deceased beneficiaries, and initiating Treasury Department action to recover erroneous payments. To do this, we (1) interviewed officials responsible for administering SSA's benefit programs, the automated data-processing systems, and processing procedures for death reports and (2) reviewed SSA's policies, procedures, and systems for collecting and processing death information and terminating benefits to deceased beneficiaries. We observed and analyzed the processing of death reports received from various sources by staffs of field offices, program service centers, and telephone service centers. We also reviewed SSA management reports, past GAO reports, SSA Inspector General reports, and studies on how well SSA controls erroneous payments to deceased beneficiaries.

We visited SSA headquarters in Baltimore; 12 of 1,300 field offices in four SSA regions (Atlanta, Dallas, New York, and San Francisco); one of six program service centers (Birmingham, Alabama); and 3 of 34 telephone service centers (Berkeley, California; Birmingham, Alabama; and Tampa, Florida). We selected the regions and field offices because of the relatively large number of death reports they received and processed. We reviewed 2,196 death reports SSA received from funeral homes for January through April 1991, to determine the timeliness and accuracy of these reports. We then analyzed a simple random sample of 947 of the reports to assess SSA's timeliness in terminating benefits once a beneficiary's death was reported. We also reviewed a simple random sample of 297 beneficiary deaths reported by family members, using SSA's 1-800 number, to SSA's telephone service centers. These death reports were processed by the Berkeley center during February 4-11, 1991; the Birmingham center, March 13-14, 1991; and the Tampa center, April 1-5, 1991.

To assess the timeliness of death reports received from the states and HCFA, we reviewed the 262 reports (139 from the states and 123 from HCFA) that were available and adequately documented by the SSA field offices that we visited. To determine how long SSA took to process these reports through to the determination of benefits, we reviewed the 148 death reports (52 from the states and 96 from HCFA) for those who were receiving SSA benefits at the time of death. Additionally, we interviewed officials at each state Bureau of Vital Statistics in California, Florida, New York, and Texas. We did this to determine how death information is processed at the state level and what information is provided to SSA and when, as well as to discuss the accuracy of state death information. These states were

selected because of the relatively large number of deaths they recorded each year.

We discussed with Treasury Department officials the SSA delays in initiating recovery of erroneous payments made to deceased beneficiaries. We chose to talk with Treasury officials because of their central role in reclaiming government checks made to deceased payees. We also discussed the policies, procedures, and practices that financial institutions use in notifying Treasury about deceased payees to whose accounts Social Security benefits are paid.

Our field work was conducted from August 1990 through September 1991 in accordance with generally accepted government auditing standards.

Months That States Reported Deaths to SSA (1991)

State	Months	State	Months
Alabama	5	Nebraska	6
Alaska	2	Nevada	2
Arizona	9	New Hampshire	1
Arkansas	7	New Jersey	10
California	6	New Mexico	1
Colorado	4	New York	7
Connecticut	3	New York City	12
Delaware	9	North Carolina	10
District of Columbia	5	North Dakota	7
Florida	8	Ohio	11
Georgia	9	Oklahoma	9
Hawaii	9	Oregon	9
Idaho	10	Pennsylvania	9
Illinois	9	Puerto Rico	3
Indiana	1	Rhode Island	1
Iowa	5	South Carolina	8
Kansas	9	South Dakota	3
Kentucky	6	Tennessee	9
Louisiana	9	Texas	10
Maine	3	Utah	0
Maryland	3	Vermont	7
Massachusetts	5	Virgin Islands	0
Michigan	11	Virginia	0
Minnesota	5	Washington	4
Mississippi	11	West Virginia	8
Missouri	10	Wisconsin	5
Montana	2	Wyoming	4

States That Did Not Submit Death Information (1989 and 1990)

1989	1990
Alabama	Alaska
Alaska	Connecticut
Delaware	New York
District of Columbia	Virgin Islands
Indiana	Virginia
Maine	
Nevada	
New Hampshire	
New Mexico	
New York	
Pennsylvania	
Utah	
Vermont	
Virgin Islands	
Virginia	

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