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

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# SOCIAL SECURITY

# Most Social Security Death Information Accurate But Improvements Possible

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

Dear Mr. Chairman:

On August 5, 1993, your office asked that we assess the reliability of the information on deceased persons that the Social Security Administration (SSA) routinely shares with other federal agencies. Since 1992, the Office of Management and Budget (OMB) has required[1] federal agencies, such as the Departments of Defense, Veterans Affairs, and Labor, to use SSA's comprehensive file of such information for terminating benefit payments to deceased persons' accounts. The accuracy of this information is essential to (1) prevent or identify millions of dollars in overpayments by federal agencies to deceased persons and (2) avoid the erroneous termination of benefits.

This report is a continuation of the work we have been doing for your Subcommittee concerning erroneous payments made by a variety of programs to deceased persons. In this particular case, you were concerned that errors in the accuracy of SSA's death information could limit the usefulness of the information as a means for terminating benefits paid by other federal and federally assisted programs.

## Background

SSA pays more than $300 billion to over 47 million beneficiaries annually. To control its payments, SSA maintains the most comprehensive file of death information in the federal government, and probably the nation. SSA obtains death information from voluntary sources such as family and friends of deceased beneficiaries as well as from funeral homes. To supplement these death reports, SSA purchases death certificate information from state governments. SSA uses this information to effectively administer its program through the prompt termination of benefits to deceased beneficiaries.

The death file is SSA's official file of death information. It contains information on all persons issued a social security number and includes

[1]OMB Bulletin Number 92-04 (Jan. 15, 1992), requires all federal and federally assisted programs to use SSA death information on a regular basis to detect erroneous payments and remove deceased beneficiaries from the payment rolls.

information on all deaths reported to SSA for beneficiaries as well as nonbeneficiaries (that is, nonparticipants in the Social Security program). This information is shared with other state and federal programs to prevent erroneous payments to deceased persons. The Master Beneficiary Record (MBR) contains payment and other background information on current title II (Retirement, Survivors, and Disability Insurance) beneficiaries and is used to administer its own program.

In response to recommendations in our February 1991 report,[2] OMB required that, beginning in March 1992, federal and federally assisted programs match SSA's death information against their payment files on a monthly basis to more quickly remove deceased beneficiaries from their roles and reclaim overpayments. OMB requires agencies to verify deaths before terminating benefits.

This is the fourth in a series of reports concerning the use of SSA's death information to prevent payments by federal and state agencies to deceased beneficiaries. This report addresses the accuracy of death information maintained by SSA and shared with other federal agencies. Previous reports have addressed

- the need for SSA death information by other federal agencies to detect unreported beneficiary deaths,[3]
- improvements needed in the reporting and processing of death information to and by SSA,[4] and
- the use of SSA death information by other federal agencies.[5]

## Results in Brief

Nearly all the information based on reports of death that SSA shares with other federal agencies is accurate. We sampled reports of death for title II (Retirement, Survivors, and Disability Insurance) beneficiaries, the largest SSA program, and found that fewer than 1 percent of the nearly 365,000 recorded deaths we reviewed were inaccurate.

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

[3]Federal Benefit Payments (GAO/HRD-91-3, Feb. 6, 1991).

[4]Social Security: Reporting and Processing of Death Information Should Be Improved (GAO/HRD-92-88, Sept. 4, 1992).

[5]Status of Agency Use of SSA Death Information (GAO/HRD-93-31R July 20, 1993).

SSA can make its information more useful by taking action in four areas: the handling of cases erroneously terminated, processing of rejected death reports, providing information on nonbeneficiaries, and using feedback based on agency investigations of deaths.

Beneficiaries are sometimes removed from the rolls because of death reports that are later proven to be incorrect. While SSA restores their benefits when it determines that these beneficiaries are alive, in many cases the death file is not corrected. SSA can improve the overall accuracy of its death file by updating it when reports of death are determined to be erroneous.

Numerous death reports are rejected from processing by SSA's computers and, consequently, are not automatically updated to SSA's death file because they do not match sex, name, or date-of-birth information that is currently contained in its files. Death file information would be more complete if SSA improved its ability to correctly identify and record a greater number of these death reports.

SSA does not verify deaths for nonbeneficiaries. Consequently, other federal agencies using SSA death information for persons not receiving Social Security or Supplemental Security Income benefits may be using incorrect information.

Feedback from agencies that have independently verified SSA's reports of death would be useful in correcting erroneous information in SSA's death file. Although all agencies are required by OMB to provide SSA with death information, the instructions are not clear with respect to the specific type of information that is required and how frequently it is to be provided. Further, SSA is currently not capable of processing death information from other agencies when it is submitted.

## Scope and Methodology

To assess the accuracy of SSA's death file information, we used computer matching and other analytical techniques. SSA's death file, as of December 1992, was matched against its MBR file, which we consider to be the most accurate and up to date source of beneficiary information.

Officials at four selected agencies—the Departments of Labor, Defense, and Veterans Affairs, and the Office of Personnel Management—were interviewed to determine their procedures for processing and verifying death information. We also interviewed officials at the Department of the

Treasury and OMB to discuss current reporting requirements for all federal agencies that use SSA death information. (See app. I for a more detailed discussion of our review's scope and methodology.)

## Most SSA Death File Information Is Accurate

Our match of SSA's death file information with SSA's MBR showed that the death information SSA shares with other federal agencies is highly accurate for those people who had been receiving title II Social Security benefits. From the almost 48 million records in this file,[6] we took a 1-percent random projectable sample (480,000 cases) and matched this death information against SSA's MBR file to determine if the death file had been correctly updated to reflect the individuals' current payment status.

We obtained matches for about 365,000 (76 percent) of the 480,000 cases. Our match of SSA's death file found that fewer than 1 percent of these cases were inaccurate when compared with its payment file, the MBR. Because this is a projectable sample, about 34,000 of the 36,500,000 title II beneficiaries listed as deceased in the death file may be alive.

We could not obtain match results for 24 percent of the sample cases. Some of these were nonbeneficiaries and had no verification of the death report by SSA. Consequently, these cases could have a higher incidence of error than the sample cases we checked. The others represent title XVI Supplemental Security Income cases. Because title XVI beneficiaries' deaths are generally confirmed by SSA in a manner similar to title II cases, we assume that these cases would have a low incidence of error, similar to the title II cases in our sample.

## Problems Remain in the Death File

While most information in SSA's death file is accurate, the file has a few types of problems. One involves erroneous terminations. These are cases where a beneficiary is removed from the benefit roles because of a report of death that is later proven to be incorrect. When SSA becomes aware that the beneficiary is in fact alive, it restores the beneficiary's benefits and corrects the payment record, but in many cases the death file is not corrected. Therefore, the individual would still be listed as dead on the death file given to other agencies for use in enforcing their programs. SSA officials stated that as a result of our work instructions for processing these cases are being changed to emphasize correction of the death file to improve its accuracy.

[6]Over 2.1 million people die annually in the United States; 1.8 million are SSA beneficiaries. All reported deaths are routinely added to SSA's death file.

SSA's Death Alert Control and Update System (DACUS) controls the processing of death information from the point a death is reported until the MBR is updated with the benefit termination and the death file is ultimately updated with the death. In many cases, however, incoming death data are rejected at various points in the processing, causing two types of problems. First, in some cases the incoming death reports are missing needed identifying information such as date of death or contain invalid information such as an incorrect Social Security number (SSN). In these cases, DACUS will not allow a benefit termination and consequently no change can be made to either the MBR or the death file. Second, there are cases where death reports contain information that matches the name, sex, and date of birth contained in the MBR but not the information in the death file. This results when there is a mismatch of these data elements between the two files. Consequently, the MBR is updated but the death file cannot be updated. By reducing the number of rejected death reports, SSA would improve the likelihood that it will record these deaths in the death file and increase the overall accuracy of information it routinely shares with other agencies.

The Department of Health and Human Services (HHS) Inspector General (IG) reported on these problems in 1992.[7] The IG recommended that to reduce overall processing rejections, payment files such as SSA's name file be matched with rejected death reports to help identify the correct SSNs for these reports. This would allow additional deaths to be processed and recorded on the death file. In discussions with SSA officials, they acknowledged that this is a problem due to the process for updating deaths in the current system and that corrective measures recommended in the IG report should help address the problem. SSA officials stated that major system upgrades are planned that, when implemented later this year, will address the processing rejection problem.

Another problem with SSA's death file results from the fact that SSA does not verify reports of death for nonbeneficiaries. If multiple reports are received for nonbeneficiaries, such as from family members and from state bureaus of vital statistics, the earliest date of death will be recorded without being verified. Because nonbeneficiary death reports are not verified, any erroneous reports are not detected and corrected by SSA. Consequently, erroneous information about the date of death or fact of death would be subsequently shared with other agencies. Users of SSA's

[7]The Social Security Administration Needs to Improve Procedures in the Death Match Operation, HHS Inspector General (A-13-90-00046, Feb. 7, 1992).

death data should be made aware that death reports for nonbeneficiaries have an increased potential for error.

## Input From Agencies Independently Verifying Death File Information Would Increase Accuracy of SSA Database

Information derived from results of the independent verifications would be useful to SSA in correcting erroneous information for both beneficiaries and nonbeneficiaries in its death file. Agencies that must use SSA's death information are also required by OMB to independently verify these deaths before termination of benefits. For example, this may include attempting telephone contact, signature verification, or personal contacts with the beneficiary.

We reviewed 70 death cases in which several federal agencies had investigated the death information supplied by SSA and determined that, contrary to their reported status in SSA records, they were alive. We matched these cases against SSA's payment and other data files to determine their current payment status. The MBR and other payment records showed that for the 70 cases, 52 were alive and only 1 was deceased. In 5 cases, the SSN indicated that another person, possibly a family member of the beneficiary, was deceased. The remaining 12 cases were not SSA beneficiaries. SSA does not maintain nonbeneficiary data, which would allow us to determine if they were alive or deceased. These results indicate that providing SSA feedback derived from the results of agency investigations would be useful in correcting SSA's death file for future sharing with other state and federal agencies.

OMB requires all agencies to provide SSA with death information. The instructions are not clear with respect to what is specifically required. They do not indicate the frequency and type of information that is to be reported, such as feedback derived from investigations. Without specific requirements, agencies are not now providing feedback so that SSA can improve the accuracy of its death database. While some death information is received from the Department of Veterans Affairs and the Railroad Retirement Board, SSA officials reported that the information is not derived from the results of these agencies' death investigations but from voluntary reports of death to these agencies. Further, they said that SSA's current system is not capable of processing and updating information to the death file from other agencies if the information was reported to SSA.

## Recommendations

To maintain the most accurate death information possible we recommend that the SSA Commissioner

- update the death file for cases that are found to be erroneously terminated and modify SSA's requirements for processing death reports to reduce the number of rejected reports and
- establish a system to (1) process feedback received from other federal agencies on erroneous SSA death information and (2) correct erroneous information in order to increase the accuracy of SSA's death file.

In addition, we recommend that the SSA Commissioner inform other agencies that death reports received by SSA for nonbeneficiaries have not been verified and, thus, may have an increased chance of error.

We recommend that the Director, Office of Management and Budget clarify the requirements for agencies in OMB Circular 92-04 for providing feedback to SSA derived from their investigations of death reports.

As agreed with your office, we did not obtain written agency comments on this report. We are sending copies of this report to appropriate congressional committees, the Director of the Office of Management and Budget; the Commissioner of the Social Security Administration; the Secretary of Health and Human Services; and other interested parties.

Please contact me on (202) 512-7215 if you have any questions about this report. Other major contributors are listed in appendix II.

Sincerely yours,

Jane L. Ross
Associate Director
Income Security Issues

# Contents



**Abbreviations**

| | |
|---|---|
| DACUS | Death Alert Control and Update System |
| HHS | Department of Health and Human Services |
| IG | Inspector General |
| MBR | Master Beneficiary Record |
| OMB | Office of Management and Budget |
| SSA | Social Security Administration |
| SSN | Social Security number |

# Scope and Methodology

We used computer matching and analysis techniques to assess the accuracy of SSA's shared file of death information. To do so, we obtained SSA's master death file as of December 1992. The death file contains information on all deaths reported to SSA. This file contains voluntarily reported death information as well as state death information, the sharing of which is restricted by some states.[8] We matched this death information against SSA's MBR file to determine the accuracy of the death file. The MBR is a database of all current title II (Retirement, Survivors, and Disability Insurance) beneficiaries and contains current payment information. The title II program represents about 88 percent of all SSA beneficiaries. We did not perform a separate match of title XVI Supplemental Security Income beneficiaries given the similarity in processing procedures with title II cases.

Deaths recorded in the MBR are generally independently confirmed by SSA. SSA verifies any discrepancies in death data received from various sources. In addition, agency officials told us that current beneficiaries who are erroneously terminated report the error to SSA immediately to have their benefits restored. This results in the MBR being updated in a timely manner, thus making it the most accurate and up to date source of beneficiary information. Death information may then be updated to the death file if it meets specific criteria such as matching sex, name, or date-of-birth information. We were not able to verify the accuracy of death records for nonbeneficiaries. We also interviewed officials at SSA headquarters to discuss accuracy problems with the death file, coordinate our sampling procedures among various SSA groups, and assist us in analyzing our sample results.

We interviewed officials at four selected agencies—the Departments of Labor, Defense, and Veterans Affairs, and the Office of Personnel Management—to determine their procedures for processing and verifying SSA death information. These are among the largest agencies using SSA death data and were the subject of previous GAO reviews. We also interviewed officials at the Department of Treasury and OMB to discuss current reporting information.

Finally, to assess the usefulness of agency feedback, we matched a sample of SSA death cases that other agencies found in their investigations to be incorrect. We compared the sample with SSA's MBR and other payment files

[8]SSA is restricted by 25 states from releasing certain death data to other federal agencies. This may change in August 1994, when provisions of the Omnibus Budget Reconciliation Act of 1993 that prohibit disclosure of federal tax data to any state that restricts use of its death information generally become effective.

that give background information on cases to determine their current payment status. We did this to determine the level of agreement between agency determinations and SSA payment records. Our review was conducted from August 1993 through May 1994 in accordance with generally accepted government auditing standards.

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