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DISABILITY INSURANCE

SSA Needs to Better Track Efforts and Evaluate Options to Recover Debt and Deter Potential Fraud

GAO Highlights

Highlights of GAO-16-331, a report to the Chairman of the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

SSA's DI program provides cash benefits to millions of Americans who can no longer work due to a disability. While most benefits are paid correctly, beneficiary or SSA error can result in overpayments—that is, payments made in excess of what is owed. In fiscal year 2015, SSA detected $1.2 billion in new overpayments, adding to growing cumulative debt. Further, when individuals inappropriately obtain benefits in certain situations, SSA can levy penalties or withhold benefits for a period of time. GAO was asked to study the use of these actions, and SSA efforts to recover overpayments.

This report examined how and to what extent SSA recovers overpayments, and imposes penalties and sanctions. GAO analyzed data on existing DI overpayments and repayment amounts at the end of fiscal year 2015 to determine the effect of potential improvements in recovery methods on collection amounts; and reviewed relevant federal laws, regulations, policies, and studies.

What GAO Recommends

GAO is making eight recommendations to SSA, including: clarify its policy and improve oversight related to debt repayment plans, pursue additional recovery options for overpayments and penalties, and improve its ability to track penalties and sanctions. SSA agreed with seven, but disagreed with a recommendation on debt recovery options. GAO maintains the options merit exploration, as discussed further in the report.

View GAO-16-331. For more information, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov.

What GAO Found

In fiscal year 2015, the Social Security Administration (SSA) recovered $857 million in Disability Insurance (DI) overpayments that it erroneously made to beneficiaries; however, SSA is missing opportunities to recover more. More than three-fourths of the recovered overpayments in fiscal year 2015 were collected by withholding all or a portion of a beneficiary's monthly benefits. SSA's policy is to set withholding repayment amounts based on a beneficiary's income, expenses, and assets, but its policy regarding which expenses are reasonable is not clear. Moreover, SSA cannot know if repayment periods and amounts are consistently determined due to a lack of oversight, such as supervisory review or targeted quality reviews. Further, SSA lacks concrete plans for pursuing other debt recovery options, while GAO's analysis suggests that some options could potentially increase collections from individuals having their benefits withheld. For example, about half of withholding plans at the end of fiscal year 2015 extended beyond SSA's standard 36-month time frame, and could be shortened. Making the minimum monthly repayment 10 percent of a beneficiary's monthly benefit, instead of the current $10 minimum, would shorten the median length of all scheduled withholding plans by almost a third (from 3.4 years to 2.3 years) and result in an additional $276 million collected over the next 5 years.

While SSA officials reported an increase in recent years in the amount of civil monetary penalties imposed, SSA currently lacks reliable data to effectively track the disposition of penalties and administrative sanctions. For example, SSA cannot readily track the amounts ultimately collected from penalties, which are fines imposed by the Office of the Inspector General (OIG) and collected by SSA. Further, SSA currently has only two paths for collecting on penalties—withholding benefits and voluntary payment. A recent OIG audit found that the majority of uncollected penalty amounts it reviewed were from individuals who were not receiving SSA benefits and with whom SSA had no ongoing collection actions. SSA determined it is able to use certain alternative collection tools, such as wage garnishment, but only recently began drafting regulations to use them, and the regulations are still undergoing internal review. In addition, SSA lacks and had not explored obtaining authority to use other tools for collecting penalties that it uses for collecting overpayments—such as credit bureau reporting. Related to administrative sanctions, SSA could not provide reliable data on how often it imposes sanctions, a punishment in which benefit payments are temporarily stopped. SSA's process of manually entering sanctions information into a database may be subject to errors or omissions. Regional officials said this can result in incomplete information and staff not taking appropriate action on cases. SSA changed its procedure in 2013 to direct that all potential sanctions first be reviewed for potential prosecution or civil monetary penalties, but SSA's lack of reliable data prevents it from determining whether this new procedure achieved the intended effect of more consistent application of sanctions. In an internal evaluation of its procedures, SSA identified weaknesses with how sanctions decisions are tracked and communicated, but it is in the early stages of deciding how to address them. The shortcomings in SSA's use of penalties and sanctions potentially diminish the deterrent value of these actions against individuals who may fraudulently obtain benefits.