

GAO

Report to the Chairman, Committee on  
Veterans' Affairs, U.S. Senate

July 1990

# VETERANS' BENEFITS

## VA Needs Death Information From Social Security to Avoid Erroneous Payments





United States  
General Accounting Office  
Washington, D.C. 20548

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Human Resources Division

B-238840

July 27, 1990

The Honorable Alan Cranston  
Chairman, Committee on  
Veterans' Affairs  
United States Senate

Dear Mr. Chairman:

This report responds to your July 17, 1989, request that we (1) determine whether the Department of Veterans Affairs (VA) makes substantial erroneous payments to the accounts of deceased beneficiaries under its compensation and pension programs and (2) propose appropriate remedies to resolve any problems that we detect in the payment system.

VA provides more than \$14.7 billion in disability compensation and pension benefits each year. More than 2.8 million veterans and nearly 1 million surviving spouses and other dependents receive these benefits. When a beneficiary dies, payments should be terminated promptly. However, if surviving relatives or other knowledgeable persons do not report beneficiary deaths to VA in a timely manner, substantial erroneous payments can result.

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## Results in Brief

VA is making substantial compensation and pension payments on behalf of deceased veterans. This happens because VA relies primarily on voluntary reporting of veteran deaths by relatives and others who may not report the death or may be slow in doing so.

In responding to your request, we matched VA benefit payment files with death information maintained by the Social Security Administration (SSA). SSA, an agency within the Department of Health and Human Services (HHS), is the repository for death information that HHS obtains under requirements of the Social Security Act. We found that in April 1989, VA paid compensation or pension benefits for 1,212 veterans whom SSA records reported had died at least 4 months earlier. About 100 had been dead 10 years or more. The potential erroneous annual payments were \$5.7 million. We were unable to determine with certainty, however, whether payments were continuing for any "survivors" who had died, because of the way VA records survivors' names and social security numbers (SSNs) in its benefit payment file.

In administering its programs, SSA receives voluntarily reported death information from numerous sources and purchases death certificate

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information from the states. Federal agencies offering benefit programs, such as VA, are authorized to obtain this information. By using SSA death information VA could identify beneficiaries who are reported as deceased. VA does not currently obtain this or any equivalent information on a routine basis.

VA pays compensation and pension benefits to about 227,000 beneficiaries who do not have SSNs on file with VA. This precludes VA from matching these beneficiaries' payment records with SSA death information. Although other federal programs, including some VA programs, require SSNs as a condition of eligibility, VA is not authorized to require SSNs for either its compensation or protected pension programs. Legislation is needed to remedy this problem.

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## Scope and Methodology

To document VA's policies and procedures for obtaining information on beneficiary deaths, we interviewed officials at VA headquarters and two regional offices and reviewed claims processing manuals. We interviewed VA and SSA officials to determine (1) why VA had not obtained SSA death information and (2) what actions would be needed to grant VA access to this information.

We obtained VA's payment records for compensation and pension benefits as of April 24, 1989, to match with SSA's death information as of December 1988. Using SSNs as the primary identifiers, we performed two matches. We matched VA's payment records first against SSA's voluntarily reported death information, and second against death certificate information purchased from the states. To verify VA beneficiary deaths identified in our first match, we compared the reported deaths with SSA Master Beneficiary Record (MBR) information. Deaths recorded in the MBR are generally independently confirmed by SSA.

We made our review between August 1989 and April 1990 in accordance with generally accepted government auditing standards, with the following exception, which was beyond the scope of this review. We did not assess SSA's internal controls over its computer data bases.

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## Results of Matching VA and SSA Data

By matching VA's benefit payment file with SSA death information, we identified 1,212 veterans who were reported dead as of December 1988. VA paid benefits to their accounts, however, in April 1989. Using SSA information, we were able to verify 652 of these deaths. Although the

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remaining 560 were included in SSA's death file we could not confirm them. Additional VA follow-up would be required.

Our match consisted of two parts. First, we matched VA's payment records for compensation and pension benefits as of April 24, 1989, with SSA's death file as of December 1988, which contains information on over 39 million deaths. We found 1,065 veterans that SSA information showed were deceased but for whom VA benefit payments were continuing. Erroneous payments to these veterans' accounts could amount to \$5.1 million annually.

To verify veteran deaths, we compared the 1,065 cases with SSA's MBR data, although we realized that not all veterans would be eligible for SSA benefits and, thus, not included in the MBR. The MBR, however, contains beneficiary death information, which is generally independently varied by SSA. If the MBR showed a beneficiary's SSA benefits were terminated due to death, we considered these confirmed deaths. We were able to confirm that 505 veterans were deceased.

Second, we matched the VA payment file previously discussed with an SSA file containing information from about 450,000 death certificates purchased from the states. This file is unrestricted in that it is available to other federal agencies.<sup>1</sup> Through this match, we identified an additional 147 deceased veterans to whose accounts VA benefit payments continued. We estimate the erroneous annual payments to these accounts are \$638,000.

At our request, VA investigated some of the cases identified in our match. It verified substantial payments on behalf of veterans whom SSA data identified as having been deceased for a number of years. For example:

- SSA records showed that a veteran died in August 1984. The death was not reported in the VA benefit payment file. VA records showed that direct deposits of \$30,369 had been made to the veteran's bank account since August 1984. After verifying the date of death, VA ended benefit payments and established a \$30,000 overpayment. VA is further investigating this case.
- Another veteran died in September 1983, SSA records showed, but VA continued to make direct deposit payments to the dead veterans's

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<sup>1</sup>SSA also maintains a file containing information from about 900,000 death certificates purchased from the states under agreements that preclude releasing the information to other federal agencies without the prior permission of the states. We did not match VA's payment file with this information.

account. VA verified the date of death and ended benefit payments as of September 1, 1989. Total erroneous payments to the account were \$13,797. VA is considering further action.

- SSA records showed that a veteran died on August 8, 1986. The VA benefit payment file showed no report of death, and payments had been continuously sent to the veteran's last known address, located above a cab company. Representatives of the cab company told VA that the veteran had died about August 1986. VA determined that the veteran's sister had been cashing the checks since that time and ended payments. VA estimated erroneous payments were \$2,755 as of December 1989.

## VA Has Not Obtained SSA's Death Information

VA officials told us they have unsuccessfully negotiated with SSA over the past several years to gain access to available death information. When we discussed this matter with SSA officials, they maintained that VA has expressed reluctance to comply with SSA's requirement to independently verify reported deaths before taking any action that may adversely affect a person's benefits. VA officials maintain, however, that such verification is required under its due-process regulations before benefits can be terminated.

Notwithstanding this apparent misunderstanding between VA and SSA, we did not identify any reasons to further delay VA from obtaining SSA information. Accordingly, we met with VA officials to discuss this matter. As a result of this meeting, the Acting Chief Benefits Director sent a letter on February 26, 1990, to the SSA Commissioner formally requesting the information.

VA and SSA officials met on June 6, 1990, to negotiate an agreement for transfer of SSA data to VA. VA officials told us that the meeting resulted in a draft agreement, which has been sent back to SSA for approval. The agencies agreed that (1) SSA will provide its voluntarily reported death information as soon as VA is ready for it and its unrestricted state death certificate data as soon as programming problems are resolved and (2) VA will contact the states who have restricted their death certificate data and request that the data be made available for use by VA. VA expects to begin matching during the first quarter of calendar year 1991.

VA officials also told us that once the SSA data are available, matching with SSA data and verifying the results can be accomplished at a nominal cost. Likewise, SSA officials said the cost of providing the data to VA would be nominal.

## VA Does Not Have Social Security Numbers for All Beneficiaries

We analyzed VA's payment file for compensation and pension benefits, to determine whether all beneficiaries were identified by SSNs. This is an essential element to allow matching of VA's payment file with SSA's death information. We found that in 1989, VA paid over \$1 billion in benefits to about 227,000 veterans and survivors that were not identified by SSNs (about 6 percent of all VA beneficiaries). As shown in table 1, VA paid compensation rather than pension benefits to most of these beneficiaries.

**Table 1: VA Payments to Beneficiaries Not Identified by SSNs**

VA program	Beneficiaries	Estimated 1989 payments
Compensation	167,201	\$857,891,904
Pension	60,208	144,791,328
<b>Total</b>	<b>227,409</b>	<b>\$1,002,683,232</b>

Without SSNs, matching VA benefit payment files with SSA's death files is incomplete because beneficiary records without SSNs will not be included. Therefore, it is possible that VA will continue to make erroneous benefit payments unless all beneficiaries are required to provide SSNs to VA. The administration proposed legislation to give VA the authority to require beneficiaries to provide SSNs as a prerequisite for eligibility for benefits. The legislation was introduced in the Senate on June 1, 1989 (S. 1110), and in the House on June 14, 1989 (H.R. 2644). At the time of our review, the legislation was pending.

## Conclusions

SSA has information that VA could use to identify potentially erroneous payments to deceased beneficiaries. SSA and VA need to establish a mechanism to exchange this information because there is no apparent reason to further delay VA's obtaining it. A sizeable number of VA beneficiaries, however, do not have SSNs on file with VA, preventing VA from matching their records with available SSA death information.

## Recommendations to the Secretary of Veterans Affairs

GAO recommends that the Secretary (1) finalize arrangements to obtain access to and periodic updates of SSA's death file and unrestricted death certificate file, (2) match the files with VA's benefit payment files, (3) carry out appropriate independent verification of matches, and (4) take prompt action to end erroneous payments.

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## Recommendation to the Secretary of Health and Human Services

We recommend that the Secretary direct the Commissioner of SSA to provide VA recurring access to SSA's death file and unrestricted death certificate file.

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## Recommendation to the Congress

To facilitate more complete and effective computer matching between VA's benefit payment files and SSA's death file, the Congress should authorize VA to require SSNs of all veterans and their survivors as a condition of eligibility for VA compensation and pension benefits.

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## Agency Comments

GAO requested written comments on a draft of this report from VA and HHS. VA and HHS provided written comments, which are summarized below and presented in full in appendixes I and II.

VA concurred with all our recommendations and said it has initiated action to acquire SSA's death information. VA anticipates beginning to match SSA death data and VA payment data during the first quarter of 1991, and said it will verify each case where a match occurs to determine whether action to stop payments is warranted.

VA noted that our report did not recognize that the VA Inspector General had obtained death information from SSA and was working with the VA Benefits Administration to do some matching. We were aware that during our review the Inspector General obtained some of SSA's death information and was performing some matching. Officials in the Inspector General's Office told us, however, that this was a one-time effort rather than a routine occurrence as we are recommending in our report.

HHS acknowledged that SSA is working with VA to develop a memorandum of understanding regarding the exchange of death data. SSA expects the memorandum of understanding to be completed in 60 days.

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We are sending copies of this report to appropriate congressional committees; the Secretaries of VA and HHS; the Director, Office of Management and Budget; and other interested parties.

This report was prepared under the direction of Joseph F. Delfico, Director, Income Security Issues, who may be reached on (202) 275-6193. Other major contributors are listed in appendix III.

Sincerely yours,

*for Edward A. Blensmore*  
Lawrence H. Thompson  
Assistant Comptroller General



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Table 1: VA Payments to Beneficiaries Not Identified by SSNs

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## Abbreviations

HHS	Department of Health and Human Services
MBR	Master Beneficiary Record
SSA	Social Security Administration
SSN	social security number
VA	Department of Veterans Affairs

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# Comments From the Department of Veterans Affairs



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

JUN 1 1990


Mr. Joseph F. Delfico  
Director, Income Security Issues  
U. S. General Accounting Office  
Washington, DC 20548

Dear Mr. Delfico:

I am responding to your draft report, VETERANS' BENEFITS: VA Needs Death Information From Social Security to Avoid Erroneous Payments (GAO/HRD-90-110), dated April 30, 1990. GAO's recognition of some of VA's attempts to secure death information from the Social Security Administration (SSA) is appreciated.

I concur with each of GAO's recommendations in this report. The Department has initiated action to acquire death information from the SSA. Our detailed comments are enclosed.

Sincerely yours,

  
Edward J. Derwinski  
Secretary

Enclosure  
EDJ/jev

Enclosure

DEPARTMENT OF VETERANS AFFAIRS COMMENTS ON THE MAY 30, 1990,  
GAO DRAFT REPORT, VETERANS' BENEFITS: VA NEEDS  
INFORMATION FROM SOCIAL SECURITY TO AVOID ERRONEOUS PAYMENTS  
(GAO/HRD-90-110)

**GAO recommends that I**

- Complete arrangements to obtain access to and periodic updates of SSA's death file and unrestricted death certificate file.

We concur with the recommendation. We have arranged a meeting with Social Security on June 6, 1990 to negotiate an agreement that will permit the transfer of SSA data to us.

- Match the files with VA's payment files.

We concur with the recommendation. We anticipate commencing the match during the first quarter of calendar year 1991.

- Carry out appropriate, independent verification of matches and take prompt action to end erroneous payments.

We concur with the recommendation. After completing the match between VA benefit files and SSA death files, we will verify each case where a match has occurred. Upon verification of the death, we will take prompt action to stop any erroneous payments and to resolve any overpayment that would develop.

As a general comment, it should be noted that the report does not recognize that the Office of Inspector General (OIG) has already successfully negotiated death information from SSA. Furthermore, the OIG has had this information since September 1989.

The OIG and the Veterans Benefits Administration (VBA) are working together on a match of the SSA death information with VBA's Compensation and Pension file. Currently, VBA is performing the field verification work as their part of the joint effort. The OIG expects to have a report finalized by the end of this fiscal year.

The OIG performed the first death match in 1981 using a privately owned death file. As a result of that audit, the OIG recommended that VBA perform such a match on a recurring basis to discover erroneous payments in a more timely fashion.

# Comments From the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

JUN 29 1990

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

Dear Mr. Delfico:

Enclosed are the Department's comments on your draft report, "Veterans' Benefits: VA Needs Death Information From Social Security to Avoid Erroneous Payments." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "R. Kusserow".

Richard P. Kusserow  
Inspector General

Enclosure

COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON  
THE GENERAL ACCOUNTING OFFICE'S DRAFT REPORT, "VETERANS'  
BENEFITS: VA NEEDS DEATH INFORMATION FROM SOCIAL  
SECURITY TO AVOID ERRONEOUS PAYMENTS (GAO/HRD-90-110)

Recommendation

- That the Secretary direct the Commissioner of Social Security to provide the Department of Veterans' Affairs (VA) recurring access to the Social Security Administration's (SSA) death file and unrestricted death certificate file.

Department Comment

SSA and the VA are currently developing a Memorandum of Understanding (MOU) regarding the exchange of death data. SSA expects the MOU to be completed within 60 days, and SSA will be prepared to sign the agreement at that time. It is expected that the VA will take another 30 days to obtain approval for signature. The VA has indicated that it wants SSA to provide restricted data also.

As indicated in the General Accounting Office draft report, SSA receives death information from different sources, including State vital statistics agencies, under the provisions of section 205(r) of the Social Security Act. Most States have entered into an agreement with the Secretary of Health and Human Services to provide death data to SSA.

These States are considered either unrestricted (those that do not restrict further disclosure of the information provided) and restricted States (those that do not permit further disclosure without the express consent of the State). Thus, before SSA could disclose to the VA death information received from a restricted State, that State would have to consent to the disclosure.

There is the possibility that the disclosed information could contain data on individuals who are alleged to be deceased, but who in fact are not. This is because SSA records do sometimes contain temporarily unverified death information.

When death information is received, it is compared to SSA's Master Beneficiary Record. If a match is not found, the death allegation is noted in the NUMIDENT file and later verified. When verification takes place, it is occasionally found that the alleged decedent is still living. Therefore, because SSA death data may contain such unverified information, the VA will need to agree to independently verify the disclosed information before taking any action.

# Major Contributors to This Report

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