

Other Statutory Information

Anti-Fraud Activities

SSA is committed to improving financial management by preventing fraudulent and improper payments (see Agency Challenges section for more information). Section 206 (g) of the Social Security Independence and Program Improvements Act, Public Law 103-296 requires SSA to report annually on the extent to which cases of entitlement to monthly OASI, DI and SSI benefits have been reviewed; and the extent to which the cases reviewed were those that involved a high likelihood or probability of fraud.

Entitlement Reviews

Entitlement reviews help ensure that continued monthly payments are correct, even though fraud is not an issue in the vast majority of cases. Cases are selected and reviews undertaken, both prior to and after effectuation of payment, to ensure that development procedures and benefit awards are correct. Listed below are major entitlement reviews conducted by the Agency:

Disability Quality Assurance Reviews

SSA performs quality assurance reviews to measure the level of decisional accuracy for the State DDSs against standards mandated by regulations. These reviews are conducted prior to effectuation of the DDS determinations and cover initial claims, reconsiderations and determinations of continuing eligibility. The following table shows that the State DDSs have consistently made the correct decision to allow benefits.

Quality Assurance Review					
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
% of accurate decisions to allow or continue benefits by State DDSs	96.7%	96.8%	96.3%	96.2%	96.4%
No. of cases reviewed	42,196	39,515	39,188	39,066	40,323
No. of cases returned to DDS due to error or inadequate documentation	1,381	1,281	1,455	1,499	1,454

SSA also performs preeffectuation reviews of favorable DDS initial and reconsideration determinations using a profiling system to select cases for review. This helps ensure the cost-effectiveness of preeffectuation reviews, and satisfies the legislative requirement that the cases reviewed are those that are most likely to be incorrect. SSA also reviews a sufficient number of continuing disability review continuance determinations to ensure a high level of accuracy in those cases. The table on the following page shows that over 96 percent of the decisions made on preeffectuation reviews are accurate.

Preeffectuation Reviews					
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
% of State DDS decisions not returned to DDS due to error or inadequate documentation	96.6%	96.8%	96.3%	96.2%	96.2%
No. of cases reviewed	259,784	298,466	310,683	318,505	334,793
No. of cases returned to DDS due to error or inadequate documentation	8,567	9,438	11,186	12,090	12,667

Continuing Disability Reviews (CDRs)

A key activity in ensuring the integrity of the disability program is periodic continuing disability reviews through which SSA determines whether beneficiaries continue to be entitled to benefits because of their medical conditions. Once an individual becomes entitled to Social Security or SSI benefits, any changes in their circumstances may affect the amount or continuation of payment and thus must be reflected in SSA's records. The performance accuracy of these CDRs is displayed below.

CDR Performance Accuracy					
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Overall Average	96.1%	96.1%	95.2%	94.2%	94.7%
Continuances	96.5%	96.4%	95.5%	94.4%	95.0%
Cessations	93.6%	93.8%	93.5%	93.5%	93.0%

OASI and SSI Quality Assurance Reviews

One of SSA's four GPRA strategic goals is 'to ensure superior stewardship of Social Security programs and resources'. One of the ways in which SSA ensures this goal is by performing OASI and SSI quality assurance reviews. Detailed discussion on the results of these reviews can be found in the GRPA Performance Results section of this report on pages 101 through 103.

SSI Redeterminations

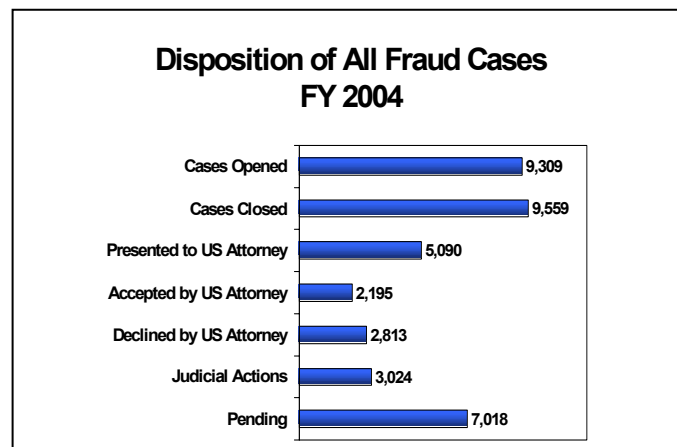
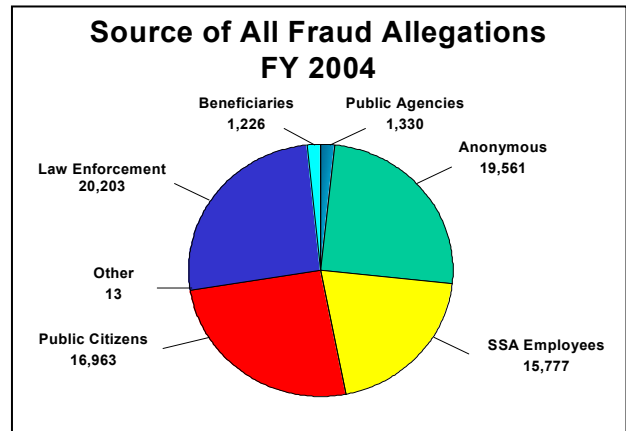
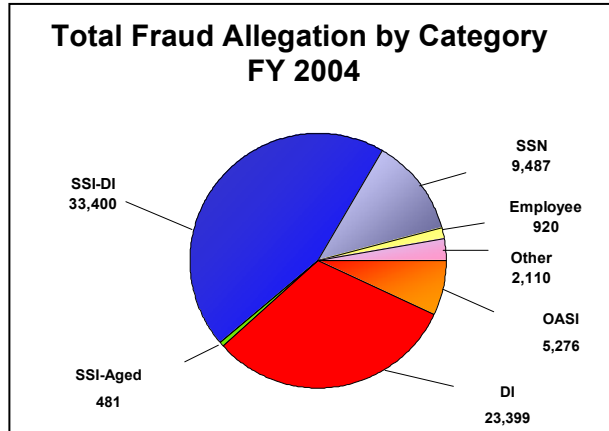
SSI redeterminations are periodic reviews to ensure that a recipient is still eligible for SSI payments and that the payments are being made in the correct amount. SSA has set a goal for the number of SSI redeterminations to be processed in FY 2004. Detailed discussion on SSI redetermination performance can be found in the Performance Goals and Results section of this report on page 55 and 56.

Payment Safeguards Activities

Numerous computer matching programs and other payment safeguard activities assist us in finding and correcting erroneous payment actions and in identifying and deterring fraud in our entitlement programs. In continuing efforts to improve payment accuracy, SSA invested nearly \$1.1 billion in processing over 8.2 million alerts in FY 2003. Current estimates indicate that these payment safeguard activities provided benefits to the trust funds of more than \$7.5 billion in overpayments detected and/or prevented. The FY 2004 results of these payment safeguard activities were not available at the time of the PAR publication. These figures will be available sometime in early 2005.

OIG's Anti-Fraud Activities

In FY 2004, as part of its fraud detection and prevention program for safeguarding the Agency's assets, SSA worked with our OIG, the U.S. Attorney and other State and local agencies on cases involving fraud and abuse. The charts below summarize OIG's involvement in fraud activities throughout the FY.



Biennial Review of User Fee Charges

Summary of Fees

User fee revenues of \$265 and \$285 million in FY 2003 and FY 2004, respectively, accounted for less than .1 percent of SSA's total financing sources. Over 95 percent of user fee revenues are derived from agreements with 23 States and the District of Columbia to administer some or all of the States' supplemental SSI benefits. During FY 2004, SSA charged a fee of \$8.77 per payment for the cost of administering State supplemental SSI payments. This fee will increase to \$9.06 for FY 2005. The user fee will be adjusted annually based on the Consumer Price Index unless the Commissioner of Social Security determines a different rate is appropriate for the States. SSA charges full cost for other reimbursable activity such as earnings record requests from pension funds and individuals.

Biennial Review

The Chief Financial Officers Act of 1990 requires biennial reviews by Federal Agencies of agency fees and other charges imposed for services rendered to individuals, as opposed to the American public in general. The objective of these reviews is to identify such activities, charge fees as permitted by law and periodically adjust these fees to reflect current costs or market value. SSA's review of fees during FY 2004 did not identify any significant changes in costs which would affect fees or any agency activities for which new fees need to be assessed.

Debt Management

During FY 2004, SSA continued to use its own internal debt collection methods, as well as the more aggressive methods authorized by law. SSA uses benefit withholding to collect overpayments from monthly benefits when the person is still on the rolls. In FY 2004, SSA collected \$1.3 billion in overpayments by this method. When the person is no longer on the rolls, SSA uses its own billing and follow-up system to collect overpayments. That system enables SSA to send a series of progressively stronger notices requesting repayment and to make telephone calls to negotiate repayment. The Agency collects several hundred million dollars a year by this method. In addition, SSA continued to use the aggressive debt collection tools available to the Agency. These authorized recovery mechanisms include:

- Tax Refund Offset which is the collection of a delinquent debt from a Federal tax refund.
- Administrative Offset that enables collection of a delinquent debt from a Federal payment other than a tax refund.
- Mandatory Cross-Program Recovery which is the collection of a former SSI recipient's debt from any OASDI benefits due that person.
- The use of Credit Bureau Reporting to encourage repayment of delinquent debts.

These tools continue to demonstrate their significance in the collection of delinquent program debt. Since SSA began using the aggressive collection tools of tax refund offset, administrative offset and credit bureau reporting, the Agency has collected over \$900 million as a result of those methods. Most recently in FY 2004, SSA collected over \$117 million from tax refunds and other Federal payments. Since implementation of mandatory cross program recovery in February 2002, SSA has collected over \$138 million.

In FY 2004, SSA continued its development of administrative wage garnishment (AWG), or the collection of OASDI and SSI debts from wages of people working in the private sector. The Agency published regulations in January 2004 and has completed most of the systems development required to conduct AWG. This collection technique promises to be a significant addition to SSA's debt collection program.

The new system, developed in FY 2002, for analyzing and monitoring SSA's debt portfolio was instrumental in the creation of a new performance measure for debt collection. This measure is the percent of outstanding OASDI and SSI debt that is scheduled for collection by benefit withholding or installment payment. SSA recognizes that these performance indicators can be improved by focusing overpayment recovery efforts on those overpayments most likely to result in collections. SSA has underway a series of initiatives that will prioritize the overpayments that are not in a collection arrangement based on their potential for collection. This is expected to lead to an increase in the rate of collection and more efficient use of available resources.

The following collection data includes all the program debt owed to SSA and is presented on a combined basis without intra-Agency eliminations. Collection data shown in the Government Performance and Results Act only includes legally defined overpayments in which beneficiaries have certain due process rights.

FY 2004 Quarterly Debt Management Activities (In Millions)				
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Total receivables (cumulative)	\$12,295.2	\$12,292.9	12,340.1	\$12,260.2
Total collections (cumulative)	(507.0)	(1,114.3)	(1,664.7)	(2,248.8)
Total write-offs (cumulative)	(229.2)	(442.5)	(661.6)	(892.7)
TOP collections (cumulative)	(2.0)	(44.4)	(71.1)	(51.8)
Aging schedule of delinquent debts:				
- 180 days or less	805.0	667.4	721.6	751.1
- 181 days to 10 years	1,645.5	1,676.6	1,639.2	1,681.8
- Over 10 years	<u>35.8</u>	<u>35.6</u>	<u>36.3</u>	<u>37.2</u>
- Total delinquent debt	\$2,486.3	\$2,379.6	\$2,397.1	\$2,470.1

SSA Debt Management Activities					
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Total debt outstanding end of FY (millions)	\$7,107.7	\$11,437.1	\$12,531.0	\$13,418.4	\$12,260.2
% of outstanding debt					
- Delinquent	15.5%	9.3%	16.5%	18.9%	20.3%
- Estimated to be uncollectible	33.9%	25.3%	18.9%	21.1%	24.6%
New debt as a % of benefit outlays	0.9%	1.7%	0.9%	0.8%	0.8%
% of debt collected	33.5%	19.9%	18.5%	17.2%	18.3%
Cost to collect \$1	\$0.10	\$0.11	\$0.11	\$0.10	\$0.09
% change in collections from prior FY	7.6%	(4.4%)	1.5%	(0.3%)	(2.5%)
% change in delinquencies from prior FY	25.6%	(3.5%)	94.4% ¹	22.4%	(2.1%)
Collections & write-offs as a % of Total Debt	31.0%	21.5%	21.0%	19.4%	18.0%
Collections as a % of clearances	73.7%	70.8%	70.8%	71.5%	71.6%
Total write-offs of debt (in millions)	\$850.8	\$941.3	\$954.0	\$918.7	\$892.7
Average number of months to clear receivables:					
- OASI	12	14	14	18	22
- DI	26	32	34	33	38
- SSI	27	4	26	52	47

1. In September 2001, SSA implemented a new process FY 2002 that identifies, ages, and reports delinquent debt on an individual debt basis in the SSI program. This new process increased the amount of delinquent SSI debt reported from about \$61 million at the close of FY 2001 to about \$1.1 billion at the close of FY 2002.

