UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-164031(4)

December 22, 1978

The Honorable Joseph A. Califano, Jr.
The Secretary of Health, Education,
  and Welfare

Dear Mr. Secretary:

We are currently examining alternatives to financing
student benefits under the Social Security Administration's
(SSA's) Retirement, Survivors, and Disability Insurance
program, established under title II of the Social Security
Act, 42 U.S.C. 402(d)(1)(B)(i). As part of this review,
we identified some payment problems and potential program
abuses which we believe merit your attention. Based on
our examination of student benefit payments made in May 1977,
we found that SSA made 329 duplicate payments. Of these
duplicate student payments, SSA identified 99 but did not
detect the remaining 230. These payments were not discovered
because SSA's daily detection system is not fully operational,
and its annual duplicate detection system criteria are too
restrictive. (See p. 2, enc. I.)

Our calculation of the duplicate payments for the 230
students amounted to $616,000 for all months duplicate
student payments were made through June 1978. In identify-
ing these duplicate payments, we considered social security
number, name, address, date of birth, and other family
members' names to determine whether the students appeared
to be the same or different persons.

SSA considers student beneficiaries, aged 18 to 22, as
dependent children. Most dependent children, however, are
under age 18. If the $616,000 calculation of undetected
duplicate student payments is typical of all dependent chil-
dren for whom benefits were being paid in May 1977, the
total undetected duplicate payments could amount to about
$4.2 million for all months duplicate payments were made
through June 1978.
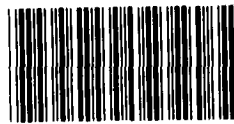
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SSA uses an annual duplicate payment detection system for all beneficiaries meeting its detection criteria. In addition to undetected duplicate payments for dependent children, SSA has not taken timely action to resolve some duplicate payment cases it has detected under this system because of staffing and other workload considerations. SSA identified 4,659 cases of potential duplicate payments through its 1977 detection operation. It reviewed 2,758 cases and identified $2.3 million in overpayments. However, as of May 1978, SSA still had 1,901 cases unresolved which we estimate could involve $1.9 million in additional overpayments based on SSA's overpayment experience with the types of cases that it already reviewed. Furthermore, SSA has no adequate controls to assure that these cases will be processed and properly resolved.

SSA officials advised us that many students have been issued their own social security number. These numbers are maintained in a system different from the payment system, and the information in the two systems is not routinely reconciled. Social security numbers are usually entered in the payment system when applications for benefits are made. We identified about 77,000 (9 percent) students who did not have a social security number recorded in the payment system. The reasons these students' numbers were not recorded in the payment system are not completely clear. Possibly some students may not have been issued a number at the time the wage earner applied for benefits. Another possibility is that a wage earner may have forgotten or refused to reveal the student's number. Also, we noted some students have the same recorded social security number in the payment system as another dependent child.

Student benefits are subject to an annual earnings test and are reduced, and possibly withheld, if the student has earnings from employment that exceed the yearly exempt amount allowed. Without accurate social security numbers, SSA cannot independently apply the earnings test to those students who have not reported such earnings and possibly reduce, or withhold, benefits. We did not compare those students' missing social security numbers to see if they were receiving duplicate payments or had earnings which could reduce their payments.

If the students without numbers are typical of all dependent children, we estimate that another 391,000 children (besides students) do not have a social security number recorded in the payment system. While it seems unlikely that these other dependent children have sufficient earnings to affect payment, the possibility for duplicate payments remains.

On August 3, 1978, we presented SSA with a list of the students we identified as having received duplicate payments, as well as a list of students who have the same social security number but appear to be two different persons. SSA is currently making a detailed review of these cases. Actions taken on these cases, however, will not detect duplicate payments for all dependent children or improve the existing detection procedures.

RECOMMENDATIONS

To aid in preventing duplicate payments for dependent children and to more fully assure that the earnings test is being properly applied, we recommend that you direct the Commissioner of SSA to:

  --Determine from other existing social security records, the social security numbers for those dependent children missing their numbers, especially students, and record them in the payment records.

  --Compare the social security numbers of all dependent children currently receiving benefits to eliminate duplicate payments or to correct instances where different dependents have the same recorded social security number.

  --Change SSA's duplicate payment detection system to correct the type of problems disclosed by our review. (See p. 2, enc. I.)

  --Assure that the potential duplicate payments which are identified by SSA's duplicate payment operations are reviewed and corrected in a timely manner.
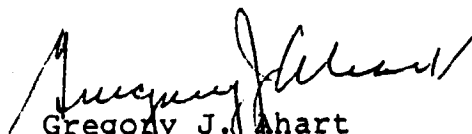
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The details of our work are presented in enclosure I, and specific cases illustrating detection problems are provided in enclosure II.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this letter to the Director, Office of Management and Budget; the Chairmen of the House Committee on Government Operations and Senate Committee on Governmental Affairs; Subcommittees on Labor, Health, Education, and Welfare, House and Senate Committees on Appropriations; House Committee on Ways and Means; and the Senate Committee on Finance.

We appreciate the cooperation and assistance given by SSA personnel during our review and would appreciate being advised of any actions taken and planned on the matters discussed in this letter.

Sincerely yours,

Gregory J. Ahart
Director

Enclosures - 2

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DUPLICATE PAYMENTS BEING MADE

ON BEHALF OF DEPENDENT CHILDREN

BACKGROUND

Benefits under the title II program may be paid on behalf of dependent children of entitled retired, disabled, and deceased workers if the children are under age 18. These benefits are extended to students generally up to age 22 provided they are unmarried and attend school full time. Dependent benefits are subject to an annual earnings test and are reduced, and possibly withheld, if the dependent has earnings from employment that exceed the yearly exempt amount allowed. In September 1978, $693 million in monthly benefits was paid on behalf of 4.9 million dependent children, including students.

Benefits for dependent children, otherwise entitled to payments from both parents' accounts, should only be paid in one check representing the higher of the two possible benefits. SSA has two activities for detecting duplicate payments: (1) the master file duplicate detection operation and (2) the beneficiary annotation and communication operation. The master file detection operation is performed annually to identify and correct situations in which the same beneficiary was incorrectly established on the master beneficiary record under more than one social security number. The beneficiary annotation and communication system is a daily operation which generates notices which require manual investigation when it appears duplicate payments are being made to the same beneficiary or it appears that two persons have the same social security number.

PRESENT DETECTION PROCEDURES
CAN BE IMPROVED

We evaluated whether SSA's current detection system procedures should have detected the duplicate payments that we identified. SSA detected about 30 percent of the cases we identified. The two primary reasons SSA did not detect the remaining duplicate payments are that its annual duplicate detection system criteria are too restrictive, and its daily duplicate detection system that compares just dependents' social security numbers is not operational.

The daily detection operation can detect duplicate payments or social security numbers whenever SSA attempts to establish, or change, a payment record. Records will be

identified for review when SSA is attempting to establish,
or change, a payment record and an exact match for name,
date of birth, or social security number does not occur
between the transaction being entered and the established
record. This system is not designed to detect duplication
in any records already established which are not subsequently
changed.

The system is sufficiently operational to detect duplica-
tion involving a wage earner's social security number. How-
ever, it is not presently operational to detect duplication
for records involving only dependents' social security numbers.
Even if the daily detection system was fully operational, it
might not have detected all the student duplicate cases we
identified since these records were already established in
the payment system and a change might not have been made to
the payment records subsequent to their establishment.

SSA officials estimated that 865 cases a month involve
only dependents' social security numbers. They have been
reluctant to send these cases to the program service centers 1/
for review because they believe the effort would not be very
productive since most cases would involve record corrections
which have no effect on payment. SSA is currently reexamining
its position on whether activating this portion of the system
would be beneficial. Although an incorrect dependent child's
social security number itself may not affect payment, it does
prevent the detection of duplicate payments and the independ-
ent application of the earnings test for working dependent
children.

The annual detection operation starts with an individual's
name and attempts to restrict the identification process to a
particular individual because of the potentially large volume
of beneficiaries with the same name. It does this by requir-
ing an exact match for the first and last names, for the month
and year of birth, and generally for zip code.

These criteria appear too restrictive principally because
there is no flexibility in spelling the first and last name.
Although the purpose of the annual detection operation is to
detect the same beneficiary with different social security

1/Six service centers for the Retirement and Survivors In-
  surance program are geographically distributed across the
  country. The program service centers for the Bureau of
  Disability Insurance and the Division of International
  Operations are located at the main SSA complex in Woodlawn,
  Maryland.

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numbers, identical social security numbers are not considered
even for names that are almost identical. Also, the zip code
criteria appear questionable for students since it is not
unusual to have a student receive one check at school and the
other at home. We believe some flexibility can be given to
the present annual system by adding a comparison check for
social security numbers to the present criteria and by then
selecting cases for review if they meet any three of the
four criteria. Some examples illustrating why SSA did not
detect cases are shown in enclosure II.

Other detection problems follow.

During our review of the 329 cases of duplicate student
payments, we identified 12 cases in which the wage earners
themselves were being paid duplicate payments, in addition
to the students. Eight of these cases still had duplicate
payments being made through June 1978 which was at least
1 year after the duplicate payments started. We did not
determine whether the annual or daily detection systems
should have identified these cases, but referred them to
SSA for further investigation.

SSA's annual detection operation requires that both rec-
ords being questioned be in an active pay status when they
are initially selected and when they are sent to the service
centers for resolution. This procedure assumes that, if
one record is inactive when it is to be sent to a service
center, the duplicate payment has already been corrected
and does not require action. We determined that, as a re-
sult of this procedure, some of the inactive records for
prior duplicate payments were not corrected by SSA.

We also observed that even though some cases with dupli-
cate benefit payments were corrected, they had not been prop-
erly cross-referenced on both records. In our opinion, this
could lead to future reinstatement and duplicate payments.
We believe that this procedure should be corrected to ensure
that potential duplicate payment cases are properly reviewed
and corrected.

ESTIMATE OF DUPLICATE PAYMENTS

In January 1978, we obtained 838,000 magnetic tape record
excerpts of social security student beneficiaries who received
a payment in May 1977. We rearranged these records by student
social security number to identify duplicate numbers. For the
duplicate social security numbers identified, we reviewed and
compared the two parental records showing each student's pay-
ments through June 1978. In identifying the duplicate payments,

we considered social security number, name, address, date
of birth, and other family members' names to determine
whether the students appeared to be two different persons,
or the same person, improperly being paid under two different
accounts.

We identified 1,195 payment records with two or more
identical social security numbers. Our analysis indicates
that 658 of the records involve 329 cases of the same student
receiving two benefit payments under the same social security
number. Of these 329 duplicate payments, SSA had identified
99, but did not detect the remaining 230. The remaining 537
records involve two or more different students receiving
benefits under the same social security number.

As of June 1978, 72 of the 329 cases were still in current
payment status and duplicate payments could still be occurring.
The remaining cases were not in current payment status because
SSA took action to correct duplicate payments or discontinue
payments because the students had stopped attending school full
time or had attained age 22.

Although our review concentrated primarily on dependent
students, we believe the problems found would also apply to
other dependent children principally because (1) our examina-
tion of the payment records showed that 97 other dependent
children in the students' families were also improperly being
paid two benefit payments and (2) when some of the students
themselves were under age 18, two benefit payments were being
made.

Our calculation of the duplicate payments for the 230
students which were not detected by SSA amounted to $616,000
for all months duplicate payments were made through June 1978.
If this result is typical of all dependent children for whom
benefits were being paid in May 1977, the total undetected
duplicate payments could total about $4.2 million for all
months duplicate payments were made through June 1978.

POTENTIAL DUPLICATE PAYMENTS
NOT CORRECTED FOR ALL BENEFICIARIES

SSA's annual duplicate payment detection system applies
to all beneficiaries meeting its detection criteria. The
1977 annual detection operation identified 4,659 cases of
potential duplicate payments. SSA reviewed 2,758 cases and
identified 943 cases involving overpayments of $2.3 million.
As of May 1978, SSA had 1,901 cases unresolved which we

estimate could involve $1.9 million in additional overpayments based on SSA's overpayment experience with the types of cases that it already reviewed.

Approximately 70 percent of the unresolved cases require action by the Bureau of Disability Insurance (BDI). Previously BDI apparently had problems in reviewing and correcting potential overpayment cases as is expressed in the following July 1978 SSA internal memorandum:

> "Historically, BDI has found it necessary to cancel previous MAFDUP [1] projects well prior to completion based on manpower and workload considerations. This year, with only 42 percent of the workload processed, we have been informed that the work group has been dissolved as of this writing. However, the remaining alerts have been distributed to the respective postentitlement (PE) branches for processing, but are 'uncontrolled' with regard to processing priority and feedback. Consequently, the MAFDUP program has again suffered, and many O/P [2] situations will not be corrected."

To assure that all cases identified in the detection operation are acted upon, all service centers should report the disposition of cases identified in the annual detection operation to the responsible program manager. In turn, the program manager should control an overall listing of all cases identified in the detection operation to assure that cases are, in fact, resolved.

MISSING AND INACCURATE
SOCIAL SECURITY NUMBERS

SSA officials advised us that many students have been issued their own social security number. These numbers are maintained in a system different from the payment system, and the information in the two systems is not routinely reconciled. Social security numbers are usually entered in the payment system when applications for benefits are made. We identified about 77,000 (9 percent) students who did not have a social security number recorded in the payment system. The reasons these students' numbers were not recorded

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1/MAFDUP--Master file duplicate detection operation.

2/O/P--Overpayment.

in the payment system are not completely clear. Possibly
some students may not have been issued a number at the time
the wage earner applied for benefits. Another possibility
is that a wage earner may have forgotten, or refused, to
reveal the student's number. Also, we noted some students
have the same recorded social security number in the payment
system as another dependent child.

Student benefits are subject to an annual earnings test
and are reduced, and possibly withheld, if the student has
earnings from employment that exceed the yearly exempt amount
allowed. Without accurate social security numbers, SSA
cannot independently apply the earnings test to those students
who have not reported such earnings and possibly reduce, or
withhold, benefits. We did not compare those students' miss-
ing social security numbers to see if they were receiving
duplicate payments, or had earnings which could reduce their
payments.

If the students without numbers are typical of all de-
pendent children, we estimate that another 391,000 children
(besides students) do not have a social security number
recorded in the payment system. While it seems unlikely
that these other dependent children have sufficient earnings
to affect payment, the possibility for duplicate payments
remains.

Also, we identified 537 students who had the same re-
corded social security number as another child. Most of
duplicate social security numbers that we identified
involving two different individuals resulted from two
programming errors which SSA made during 1975. These
errors affected not only the students but other dependent
beneficiaries as well. SSA has not corrected all
the duplicate numbers which resulted from these computer
programming errors, and SSA officials could not provide
us with the total estimate of the number· of cases which
are still uncorrected.

SSA has a procedure for validating assigned social secu-
rity numbers. However, during our review of the 537 records
involving different students receiving benefits under the
same social security number, we identified 40 instances where
both records had the social security number listed as validated.
The problem with the validity of these social security numbers
was also due to one of the computer programming errors in
1975. The remaining duplicate number cases for different
students either had one of the records with the number validated
or no record with the number validated.

EXAMPLES OF WHY THE SOCIAL SECURITY ADMINISTRATION'S

DETECTION SYSTEM DID NOT DETECT DUPLICATE PAYMENTS

The following examples are illustrative of why duplicate payments were not detected by SSA's annual duplicate payment detection operation. In each of the following examples, the social security numbers of the dependent matched exactly on each record. The names shown in the examples are not the actual dependent's name but are selected names we used to demonstrate actual case situations.

EXAMPLE 1

	Name	Month and year of birth	Zip code
Record 1	Alan MacFadden	October 1958	01207
Record 2	Alan McFadden	October 1958	01207

Comment Two additional dependents appear on both records with their last names similarly misspelled but with corresponding identical dates of birth and zip codes for each individual. Because the last names were not an exact match, SSA did not select the case for review.

EXAMPLE 2

	Name	Month and year of birth	Zip code
Record 1	Alan Mac Fadden	August 1957	19711
Record 2	Alan MacFadden	August 1957	19711

Comment Because of the space in the last name on record 1, there was not an exact match and the case was not selected for review.

EXAMPLE 3

	Name	Month and year of birth	Zip code
Record 1	Alan Mac Fadden	March 1959	02158
Record 2	Alan Mac Fadden	March 1959	02181

Comment One additional dependent appears on both records with corresponding identical name and date of birth, but with the same zip codes as the other dependent. Because the zip codes were not an exact match, the case was not selected for review.

EXAMPLE 4

	Name	Month and year of birth	Zip code
Record 1	Alan Mac Fadden	February 1957	38451
Record 2	Alan Williams	February 1957	38451

Comment The dependent's full address and date of birth were identical on both records. One additional dependent appears on both records with the same last names and with corresponding identical date of birth and zip code. Because the last names were not a match, the case was not selected for review. It appears the dependent may be using a new last name as a result of his mother's remarriage.

EXAMPLE 5

	Name	Month and year of birth	Zip code
Record 1	Alan Mac Fadden	December 1958	76179
Record 2	Alan Mac Fadder	December 1958	76179

Comment The dependent's full address and date of birth were identical on both records. Two additional dependents appear on both records with their last names similarly misspelled, but with corresponding identical dates of birth and identical zip codes for each individual. Because the last names were not an exact match, the case was not selected for review.

EXAMPLE 6

	Name	Month and year of birth	Zip code
Record 1	Allen Mac Fadden	October 1958	93646
Record 2	Alan Mac Fadden	October 1958	93646

Comment The dependent's full address and date of birth were identical on both records. Five other dependents appear on both records with corresponding identical names, dates of birth, and zip codes. Because the first dependent's name was not an exact match, the case would not have been selected for review. However, since additional dependents appeared on the record with exact matches, the case was selected for review. SSA apparently did not take corrective action as of June 1978, since the dependents were still receiving benefits through that date.