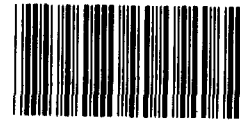


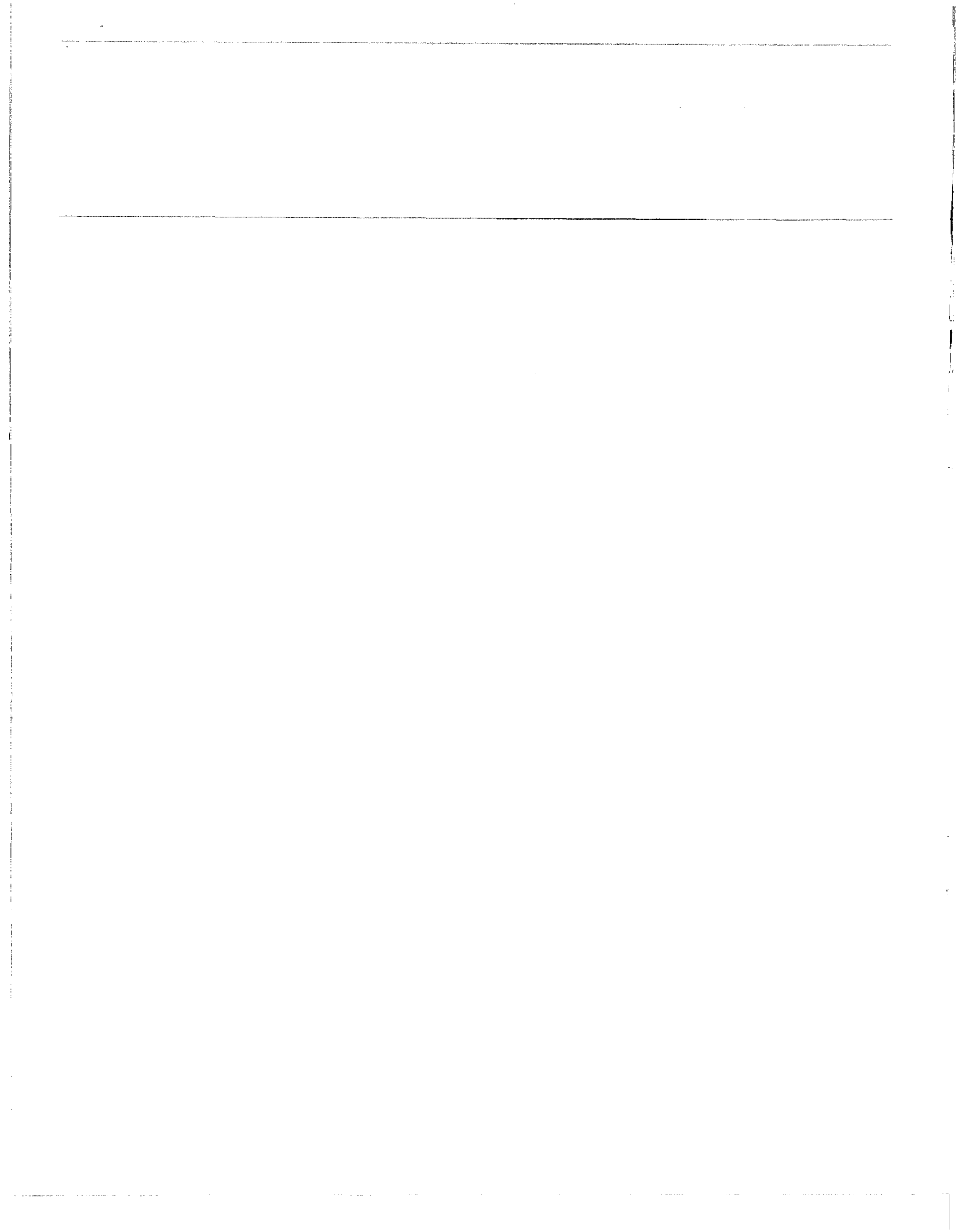
April 1991

WELFARE BENEFITS

States Need Social Security's Death Data to Avoid Payment Error or Fraud



143526



Human Resources Division

B-242904

April 2, 1991

The Honorable Louis W. Sullivan, M.D.
The Secretary of Health and Human Services

Dear Mr. Secretary:

The federal government annually spends tens of billions of dollars in benefits through state-administered welfare programs, such as Aid to Families With Dependent Children (AFDC), Food Stamp, and Medicaid. Also, states spend additional billions of dollars in welfare benefits through their state-funded general assistance programs.¹ When beneficiaries die, benefit payments to them should be terminated promptly. However, if relatives or other knowledgeable people do not report beneficiary deaths in a timely manner, substantial erroneous, and possibly fraudulent, payments can occur. Our review in Maryland, Pennsylvania, and the District of Columbia identified nearly 3,000 cases in a recent 2-year period where benefit payments may have continued for 2 months to 2 years or more after the deaths of the beneficiaries.

The Social Security Administration (SSA) has an opportunity to help states quickly identify beneficiaries who may have died, but whose deaths may not have been reported to the state welfare agencies. The Social Security Act requires SSA to collect and maintain death information and authorizes it to share such information with state agencies. However, when verifying social security numbers for states in implementing the Deficit Reduction Act of 1984, SSA does not tell the requesting state agency whether it has recorded dates of death for the people assigned the numbers. With a minimal investment, SSA could modify its social security number verification system to provide states with available death information. States could then investigate these cases to confirm the deaths and, if confirmed, terminate unentitled benefits and prevent or recover any erroneous or fraudulent payments.

Background

Because the social security number is a unique identifier that can link data files used in determining benefit program eligibility, regulations implementing the Deficit Reduction Act require states to submit the social security numbers of welfare applicants and recipients to SSA for verification. When a state does so, SSA uses its Enumeration Verification System to compare the number and other related data (name, birth date,

¹These programs provide monthly cash assistance payments to needy people and families.

and sex) to information contained in its social security number identification (NUMIDENT) file² for that same social security number.³ If the state-submitted data exactly match the NUMIDENT data, a special data field in a computerized record returned to the state through SSA's Enumeration Verification System is left blank to indicate that a correct match exists. If the reported number, name, birth date, sex, or combination thereof do not exactly match the NUMIDENT data, a numeric code is placed in the special data field indicating the reason for the nonmatch.

SSA collects information on deaths from a variety of sources, such as state bureaus of vital statistics, funeral directors, and surviving relatives.⁴ Before early 1988, SSA maintained these data in a file separate from the NUMIDENT file. However, beginning in early 1988, the NUMIDENT file became SSA's official file for death information.

Although date-of-death information is now part of the NUMIDENT file, SSA's Enumeration Verification System is not programmed to provide this information to the states when verifying social security numbers.

Objectives, Scope, and Methodology

Our objectives for this review were to determine whether

- SSA had death data recorded in its files for social security numbers that it verified for states and
- benefit payments were made after the recorded dates of death for the verified social security numbers.

To accomplish these objectives, we computer-matched SSA files with state benefit payment files from Maryland, Pennsylvania, and the District of Columbia (hereafter referred to as states). We then referred selected case files to the states for follow-up investigation and confirmation of SSA's recorded deaths.

A third objective was to determine the feasibility of using SSA's Enumeration Verification System to alert states when social security numbers

²A computerized file that contains information for every social security number that has ever been issued.

³To a lesser extent, SSA also verifies social security numbers through three other systems—its Beneficiary and Earnings Data Exchange System, State Data Exchange System, and Third-Party Query System.

⁴SSA has more than 40 million dates of death recorded in its files; however, because of the variety of sources used to obtain these data, SSA's information may not always be accurate.

being verified are for persons whose deaths are recorded in SSA's files. To do so, we interviewed SSA officials to determine current system capabilities and identify any system or programming changes and costs that might be needed to provide the death data to the states. We also interviewed state and other federal agency officials to obtain their views on the potential benefits of obtaining death data from SSA.

Appendix I gives further details on our review scope and methodology.

Welfare Benefits Paid on Social Security Numbers of Deceased Persons

For a 24-month benefit payment period—January 1986 to December 1987, we identified 2,950 cases in Maryland, Pennsylvania, and the District of Columbia where state payment files showed that AFDC, Food Stamp, and/or state general assistance benefits were paid at least 2 months after the dates of death recorded in SSA's files (see app. II). Between July and September of 1989, we selected and submitted a judgmental sample of 229 of these cases to the three states' welfare departments for follow-up investigation—62 to Maryland, 135 to Pennsylvania, and 32 to the District of Columbia. For each of the sample cases, at least 4 consecutive monthly payments had been made after the recorded date of death. For 63 of the referred cases, the recorded date of death was earlier than January 1986, and payments had continued throughout the entire 24-month period covered by our review.

The state welfare departments confirmed the deaths for 86 of the 229 cases referred to them and reported for 85 cases that the persons involved were alive. For the remaining 58 cases, we received no information or the state said it could not determine whether the people were alive or deceased.⁵

Of the 85 cases for which the states reported the people involved were alive, our analysis of the state reports revealed that in 34 cases the state gave either no evidence or weak and inconclusive evidence to support that the person receiving the benefits was in fact alive. Our analysis revealed also that in another seven cases SSA's death data were in error, and in three others, the states had made clerical errors in recording the persons' social security numbers.

⁵These 58 cases include the 32 cases referred to the District of Columbia for investigation. District officials told us that they were reluctant to investigate cases not in a current payment status. For many of these cases, they said, the files were either closed or unavailable for review.

The state reports did not always identify who was receiving the payments made after the date of death. However, our analyses of these reports showed that in at least 39 of the 86 confirmed death cases, the state reported that a relative was using the deceased person's social security number to receive benefits.⁶

Because deaths were confirmed in 86 cases and the states were reluctant to devote significant resources to fully investigate cases that may have been inactive or closed by late 1989, we chose not to further pursue the other 143 cases.

For 17 of the 86 cases, we received relatively complete reports. Based on these reports, we estimate that about \$72,000 in welfare benefits were paid after the recorded dates of death in SSA's files. Because of the incomplete nature of most data the states reported to us, we were unable to estimate the benefit amounts paid on the other 69 deceased persons' social security numbers or project the overall extent of possible erroneous or fraudulent payments.

For the confirmed death cases that were still in a current pay status at the time of the state investigations, the states advised us that they would take appropriate actions, such as correcting social security numbers in records involving surviving family members or collecting any erroneous payments made. For confirmed death cases found not to be in a current pay status, the states chose not to take further actions because of the passage of time.

Federal and State Officials Endorse Reporting Death Data to States

As part of our review, we interviewed Maryland, Pennsylvania, and District of Columbia welfare officials and discussed with them the value of receiving date-of-death information as part of SSA's social security number verification process. These officials agreed that receiving such information would assist them in identifying false claims and benefit payments made under deceased persons' social security numbers, as well as providing investigative leads for potential cases of fraud, waste, and abuse.

As the state case investigations showed (see p. 3), SSA's death information may not always be accurate. In sharing such information with federal agencies, SSA has shown concern that the agencies independently

⁶In some cases the relative might have been entitled to some level of benefits in his or her own right, but eligibility reassessment would have been necessary.

verify reported deaths before taking any action to stop, deny, or adjust benefit payments. We believe states should also be instructed to do so. Moreover, the person receiving the benefit payments should be given advance notice before such action is taken. This verification and notice would be consistent with requirements under the federal Computer Matching and Privacy Protection Act of 1988, as amended, for other federal data used in federal and state computer matches.⁷

In January 1990, we discussed the value of SSA providing death data to the states with officials of the Department of Agriculture's Food and Nutrition Service, which administers the Food Stamp program, and the Department of Health and Human Services' Office of Family Assistance, which administers the AFDC program. These officials also agreed that such data would provide valuable investigative leads for the states.

Costs to Modify SSA's Enumeration Verification System Would Be Minimal

In April 1990, in response to our inquiry, SSA advised us that including death information as part of the Enumeration Verification System's reports to the states would require relatively minor system changes at an estimated cost of \$3,100. Further, at a meeting in March 1990, cognizant SSA officials advised us that SSA was considering an initiative to develop a common system for verifying social security numbers that would replace the Enumeration Verification System and three other systems currently in use. They assured us that this proposed system, if developed, could be enhanced to also provide death information. SSA officials could not estimate the costs of adding death information to the proposed system, but believed it would also be minimal.

In February 1991, we contacted SSA officials to update our information on the status of SSA's development of a replacement system for verifying social security numbers and providing income information to the states. We were advised that the replacement system, a modification of SSA's Third-Party Query System, is now operational in five states, with at least five more states planning to use the system in the near future. As SSA acquires additional telecommunications equipment needed for remotely accessing the system, other states will be added to it. SSA has no set timetable as to when this would occur. SSA officials said that although SSA is not providing death data to the states through this system, this issue is currently under review.

⁷The act generally requires federal and state agencies that do computer matching to (1) independently verify information resulting from a computer match with federal data sources and (2) give people advance notice before denying, reducing, suspending, or terminating benefits as a result of the computer match.

Conclusions

We believe that erroneous welfare payments and welfare fraud could be reduced or avoided by having SSA routinely provide states death information contained in its records. States could use such information to determine the (1) validity of information claimants provide for state-administered welfare benefits and (2) continued eligibility of benefit recipients. States should be cautioned, however, against using SSA's death data as the sole basis for stopping, denying, or adjusting payments. As indicated by the state case investigation results in Maryland and Pennsylvania, these data may not always be correct and should therefore be used only as leads in identifying cases for investigation. Any SSA death data the states use should be independently verified, and the people involved should be given advance notice, before taking actions to stop, deny, or adjust benefit payments.

Because the estimated costs to modify SSA's social security number verification systems are nominal when compared with the potential benefits to be gained, we believe that SSA should modify its systems to provide death information to the states as part of its routine reporting when verifying social security numbers.

Recommendations

We recommend that you direct the Commissioner of Social Security to

- modify the current social security number verification systems to routinely provide death information to states for their use in processing welfare benefit claims and payments and
- publish and make available to the states appropriate instructions on accessing and using this information, including the need to verify SSA-provided death information and to give people advance notice before initiating actions to stop, deny, or adjust payments.

As you know, 31 U.S.C. 720 requires that you submit a written statement of the 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 this report. It also requires that a written statement be sent to the House and Senate Committees on Appropriations with SSA's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving copies of these statements.

Copies of this report are being sent to the Chairmen of the Senate Committee on Finance and the House Committee on Ways and Means; the

Secretary of Agriculture; the Commissioner of Social Security; the Director, Office of Management and Budget; the Governors of Maryland and Pennsylvania; the Mayor of Washington, D.C.; and other interested parties. We will also make copies available to others upon request.

If you have any questions about this report, please contact me on (202) 275-5365. Major contributors to this report are listed in appendix III.

Sincerely yours,



Gregory J. McDonald
Associate Director,
Income Security Issues

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Abbreviations

| | |
|----------|-----------------------------------------|
| AFDC | Aid to Families With Dependent Children |
| NUMIDENT | number identification |
| SSA | Social Security Administration |

Scope and Methodology

We used computer-matching techniques to determine in Maryland, Pennsylvania, and the District of Columbia whether welfare benefits were paid on social security numbers of deceased persons at least 2 months after their recorded date of death in a recent 2-year period. The time frame we used was January 1986 to December 1987, the most recent 2 calendar years at the time we began our review. We decided on the 2-month criterion to be conservative and to allow for possible administrative delays that can occur in removing a person from state benefit roles when that person has died.

The benefit programs we selected for our review were AFDC, Food Stamp, and state general assistance. AFDC and Food Stamp are federally funded programs for which the 1984 Deficit Reduction Act and its implementing regulations require that social security numbers be verified. General assistance is a state-funded cash assistance program and was included to determine how states' own assistance programs might benefit from receiving death information from SSA.

Our computer matching and analysis focused on cases listed in five automated data bases—an Enumeration Verification System output file, SSA's Death Report File, and three state benefit payment files—one for each state in our review.

- The Enumeration Verification System output file was consolidated from SSA's output files for all social security numbers that the three states submitted to SSA for verification during 1984-87. This file contained 3.2 million records.
- SSA's Death Report File contained all SSA death reports—about 40 million—that were not restricted from further disclosure by SSA.
- The state benefit payment files consisted of program payment data we obtained from the three states. These files indicated whether monthly benefits had been paid during the 24-month payment period to people whose social security numbers had been submitted to SSA for verification. The files contained a total of 316,000 records.

Using computer-matching techniques, we cross-matched the three state benefit payment files with the Enumeration Verification System output and SSA Death Report files to determine the number of cases for which benefits were paid at least 2 months after a recorded date of death. We did this to determine whether the date of death, now listed in the NUMIDENT file, could be used to alert states when social security numbers are verified that SSA has a recorded date of death for those numbers being verified. This process produced 2,950 matched cases.

We referred 229 of the 2,950 matched death data cases to the three states for follow-up investigation. We judgmentally selected and referred cases for which (1) not only social security numbers were identical but also names were nearly identical and (2) benefits were paid under at least one of the three welfare programs for at least 4 months after the recorded date of death. To the extent possible, we also tried to select cases that were in a current payment status at the end of the 24-month payment period and, thus, were more likely to still be in a current payment status at the time of their referral for investigation. For 17 of these cases, the states reported to us the number of months that benefits were paid after the recorded date of death in SSA's files. We then estimated the amount of the overpayment by applying an average program benefit amount to the number of months overpaid.

We interviewed SSA officials to determine the extent of system changes and the costs necessary to provide death data as part of the standard Enumeration Verification System output. We also interviewed officials of the Department of Health and Human Services' Office of Family Assistance, the Department of Agriculture's Food and Nutrition Service, and the state welfare departments in the three states to obtain their views on the potential benefits of obtaining such data.

While acquiring data, performing the computer matches, and refining cases, we recognized the privacy and confidentiality of case information and properly safeguarded it. However, because it was beyond the scope of our evaluation, we did not assess SSA's internal controls over its computer-based data systems. With this exception, our evaluation was made in accordance with generally accepted government auditing standards. It was also beyond the scope of our evaluation to (1) assess state welfare department practices for correcting social security numbers or collecting erroneous payments or (2) attempt to identify all problems that may be associated with duplicate, erroneous, or misused social security numbers.

Our work was performed between July 1988 and March 1990 at SSA's headquarters in Woodlawn, Maryland; the Washington headquarters offices of the Department of Health and Human Services' Office of Family Assistance and the Department of Agriculture's Food and Nutrition Service; and state welfare department offices in Baltimore, Maryland; Harrisburg, Pennsylvania; and Washington, D.C. In February 1991, we contacted SSA officials to update certain factual information in this report.

Cases in Which Benefits Were Paid at Least 2 Months After Recorded Dates of Death

| Benefit programs | Cases |
|------------------------------------------|--------------|
| AFDC | 225 |
| Food Stamp | 1,725 |
| General Assistance | 304 |
| AFDC and Food Stamp | 255 |
| AFDC and General Assistance | 11 |
| AFDC, Food Stamp, and General Assistance | 41 |
| Food Stamp and General Assistance | 389 |
| Total | 2,950 |

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