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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**INDIVIDUALS RECEIVING  
MULTIPLE CHILDHOOD  
DISABILITY BENEFITS**

**September 2004      A-01-04-24078**

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**AUDIT REPORT**

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## **Mission**

**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.**



## SOCIAL SECURITY

### MEMORANDUM

Date: September 16, 2004

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Individuals Receiving Multiple Childhood Disability Benefits (A-01-04-24078)

### OBJECTIVE

Our objective was to determine whether individuals who received multiple childhood disability benefits were entitled to the benefits paid to them.

### BACKGROUND

Childhood disability benefits are authorized under Title II of the Social Security Act.<sup>1</sup> The adult child of a retired, disabled or deceased worker is entitled to childhood disability benefits based on the worker's earnings if the individual is 18 years old or older and had a disability that began before he or she reached age 22.<sup>2</sup> The Social Security Administration (SSA) paid approximately \$410 million to 744,532 childhood disability beneficiaries in December 2002.<sup>3</sup>

Individuals may be entitled to multiple childhood disability benefits (for example, based on the earnings of both parents), but may only be paid the higher of the two. When a childhood disability beneficiary becomes entitled to another, higher childhood disability benefit, SSA's policy is to stop issuing the lower benefit payments, thus preventing an overpayment from occurring.<sup>4</sup>

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<sup>1</sup> The Social Security Act § 202(d); 42 U.S.C. § 402(d).

<sup>2</sup> 20 C.F.R. § 404.350.

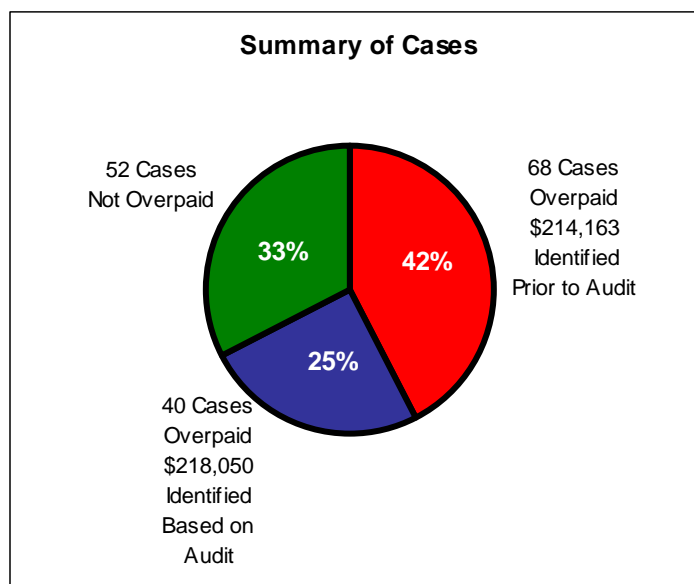
<sup>3</sup> SSA, *Annual Statistical Report on the Social Security Disability Insurance Program, 2002*, pg. 32 (issued August 2003).

<sup>4</sup> SSA, Program Operations Manual System, section SM 00823.010.

From a file of about 7 million Title II beneficiaries receiving disability benefits in October 2003, we identified 160 beneficiaries whose Social Security numbers appeared on multiple benefit records.<sup>5</sup> Therefore, the beneficiaries appeared to be incorrectly receiving multiple childhood disability benefits. (For additional information on our methodology, see appendix B.)

## RESULTS OF REVIEW

Of the 160 childhood disability cases we reviewed, 108 were not entitled to \$432,213 in benefits paid to them. This includes 68 individuals whose overpayments (totaling \$214,163) were discovered by SSA prior to our audit, and 40 individuals whose overpayments (totaling \$218,050) were identified based on our audit.<sup>6</sup> The remaining 52 beneficiaries were not overpaid.<sup>7</sup>



## BENEFICIARIES OVERPAID MULTIPLE CHILDHOOD DISABILITY BENEFITS

In total, 108 individuals were overpaid \$432,213 because they received childhood disability benefits on multiple records. The average overpayment was \$4,002 over 15 months. The overpayments ranged from \$60 to \$57,479.

SSA identified and assessed \$214,163 in overpayments for 68 cases prior to our audit. For example, one beneficiary was overpaid from July 2002 through September 2003. SSA detected the error and took corrective action in October 2003. As a result, ongoing incorrect payments were stopped and the Agency began efforts to recover the \$4,616 that was incorrectly paid to the beneficiary.

<sup>5</sup> Of these 160 beneficiaries, 105 (66 percent) had mental disabilities and the remaining 55 beneficiaries (34 percent) had disabilities that were not mental-related.

<sup>6</sup> For the 68 cases which were identified prior to our audit, the average overpayment was \$3,149 over a period of 12 months. For the 40 cases identified based on our audit, the average overpayment was \$5,451 over a period of 22 months.

<sup>7</sup> Of these 52 cases, 27 had incorrect Social Security numbers posted to their benefit records. Therefore, these beneficiaries were not receiving multiple childhood disability benefits. (In November 2003, we issued a report, *Impact on SSA's Programs When Auxiliary Beneficiaries Have Incorrect Social Security Numbers* (A-01-03-33020).) For the remaining 25 cases, SSA suspended benefits timely and no overpayments resulted.

Additionally, the Agency assessed \$218,050 in overpayments for 40 cases based on our audit.<sup>8</sup> For example, a beneficiary was overpaid \$3,829 from January 2003 through December 2003. In January 2004, after we referred this case to SSA’s Office of Operations for review, the Agency took corrective action and began efforts to recover the overpayment.

### OVERPAYMENT RECOVERY EFFORTS

Once SSA discovers that overpayments have occurred, the Agency must take action to resolve the overpayments.<sup>9</sup> Overpayments may be recovered, waived, or deemed uncollectible. The table below illustrates the status of the overpayments (as of March 2004) for the 108 beneficiaries who incorrectly received multiple childhood disability benefits totaling \$432,213.

Table 1	Total Overpayments	Percent
Recovery Efforts Underway <sup>10</sup>	\$291,982	68%
Waived <sup>11</sup>	\$85,563	20%
Recovered <sup>12</sup>	\$54,668	12%
<b>Total</b>	<b>\$432,213</b>	<b>100%</b>

<sup>8</sup> On average, SSA took corrective action on these 40 cases 37 days after we referred them to the Agency.

<sup>9</sup> The Social Security Act § 204(a); 42 U.S.C. § 404(a).

<sup>10</sup> This includes overpayments that were awaiting appeal or waiver decisions and overpayments for which due process notification periods had not yet expired.

<sup>11</sup> Overpayments that were waived are not subject to further recovery efforts.

<sup>12</sup> This includes overpayments that SSA successfully recovered by refunds or by withholding a portion of beneficiaries’ continuing monthly benefits.

## **CONCLUSION**

Of the 160 childhood disability cases in our audit population who appeared to be receiving multiple benefits, 108 were not entitled to \$432,213 in benefits paid to them. Because of SSA's prompt action to resolve these cases, the Agency was able to prevent continued improper payments (one of the initiatives in the Fiscal Year 2002 President's Management Agenda), and pursue recovery of the overpaid funds.

## **AGENCY COMMENTS**

SSA agreed that the Agency must continue to take prompt action to prevent improper payments. (See Appendix C for SSA's comments.)

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

# *Appendices*

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Agency Comments

[APPENDIX D](#) – OIG Contacts and Staff Acknowledgments

## Acronyms

C.F.R.	Code of Federal Regulations
SSA	Social Security Administration
U.S.C.	United States Code



### Scope and Methodology

As part of our audit to quantify undetected overpayments in the Social Security Administration's (SSA) disability programs, we analyzed a file of approximately 7 million individuals receiving disability benefits in October 2003.<sup>1</sup> Based on our initial review of the data file, we identified 160 beneficiaries (out of the 7 million) who appeared to be receiving childhood disability benefits on multiple benefit records (i.e., two auxiliary benefit checks). Therefore, we initiated this separate review to determine whether payments to these 160 beneficiaries were appropriate.

To accomplish our objective, we referred the 160 cases to SSA's Office of Operations for review and corrective action, if needed. We also researched the Social Security Act and SSA's regulations, policies and procedures related to childhood disability benefits.

We conducted our review between October 2003 and May 2004, in Boston, Massachusetts. We determined that the data used for this audit was sufficiently reliable to meet our audit objective. The principle entities audited were the SSA field offices and program service centers under the Deputy Commissioner for Operations. We conducted our audit in accordance with generally accepted government auditing standards.

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<sup>1</sup> We expect to issue our report, *Undetected Overpayments in SSA's Disability Programs* (A-01-04-24065), in Fiscal Year 2005.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** August 30, 2004

**Refer To:** S1J-3

**To:** Patrick P. O'Carroll, Jr.  
Acting Inspector General

**From:** Larry W. Dye /s/  
Chief of Staff

**Subject:** Office of the Inspector General (OIG) Draft Report "Individuals Receiving Multiple Childhood Disability Benefits" (A-01-04-24078)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the draft report content are attached.

Let me know if we can be of further assistance. Staff inquiries may be directed to Candace Skurnik, Director, Audit Management and Liaison Staff on extension 54636.

Attachment:  
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT  
AUDIT REPORT "INDIVIDUALS RECEIVING MULTIPLE CHILDHOOD  
DISABILITY BENEFITS" (A-01-04-24078)**

Thank you for the opportunity to review and comment on the draft report. We agree that the Agency must continue to take prompt action to prevent improper payments. Further, we appreciate the recognition of our work in this area.

The audit title and the entire draft report refer to individuals receiving multiple childhood disability benefits. In order to receive multiple childhood disability benefits, an individual would need to be found entitled as a disabled adult child (DAC) on two separate records (i.e., as an auxiliary on two parents' records). However, after reviewing OIG's methodology (identifying individuals whose Social Security number (SSN) appears on multiple benefit records from the 7 million Title II disability records reviewed), it appears that the true focus of the audit is on individuals receiving disability benefits on multiple SSNs. Such circumstances would most likely involve individuals receiving disability benefits on their own SSN and DAC benefits on a parent's record. The report does not clarify whether the 108 individuals identified and overpaid \$432,213 are actually receiving "childhood disability benefits on multiple records" (i.e., two auxiliary benefit checks) or "disability benefits on more than one record."

[In addition to the comments above, SSA provided technical comments which have been addressed, where appropriate, in this report. We also modified Appendix B to clarify that the cases reviewed for this audit involved individuals who actually received childhood disability benefits on multiple records – the individuals received two auxiliary benefit checks each month.]

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Judith Oliveira, Director, Boston (617) 565-1765

### ***Acknowledgments***

In addition to those named above:

Jeffrey Brown, Auditor

Frank Salamone, Auditor

Melinda Tabicas, Auditor

For additional copies of this report, please visit our web site at [www.ssa.gov/oig](http://www.ssa.gov/oig) or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-01-04-24078.

## **DISTRIBUTION SCHEDULE**

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Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

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Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

# **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Executive Operations (OEO). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

## **Office of Audit**

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits, assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

## **Office of Investigations**

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

## **Office of the Chief Counsel to the Inspector General**

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

## **Office of Executive Operations**

OEO supports OIG by providing information resource management and systems security. OEO also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OEO is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.