SOCIAL SECURITY

MEMORANDUM

Date: March 14, 2012

Refer To:

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

From: Carolyn W. Colvin Carolyn W. Colvin
Deputy Commissioner

Subject: Third Annual Accountable Official's Report—Executive Order 13520, Reducing Improper Payments—INFORMATION

As the Social Security Administration's Accountable Official for improper payments, I am pleased to submit our third annual report on Reducing Improper Payments, in compliance with Executive Order 13520 (attached). This directive implements a multi-year plan to enhance governmentwide program integrity efforts. It challenges agencies to identify and eliminate the most significant causes of improper payments, to provide public transparency by allowing scrutiny of improper payments, and to develop targets for reducing them.

We fully support the President's initiative. We take pride in our ability to protect and carefully manage the programs entrusted to us. We have earned the public's trust, and we intend to do everything we can to keep it. In FY 2011, we paid over 60 million people a total of over $770 billion in Social Security benefits and Supplemental Security Income payments. We are firmly committed to sound management practices, including using accurate metrics for evaluating our programs' integrity and following up with appropriate enforcement and recovery actions.

As required by the Executive Order, this report contains our:

- Methodology for identifying and measuring improper payments in our high-priority programs;
- Plan, with supporting analysis, for meeting the reduction targets for improper payments in our high-priority programs; and

- Plan, with supporting analysis, for ensuring that initiatives undertaken pursuant to the Executive Order do not unduly burden program access and participation by eligible beneficiaries.

Please refer any questions concerning this report to Ron Raborg, Deputy Commissioner for Quality Performance, at extension 55200.

Attachment

Social Security Administration
Accountable Official's Annual Report
Executive Order 13520, Reducing Improper Payments
March 2012

Introduction

This report fulfills the requirements of Sections 2(b) (iv), 3(b), and 3(f) of Executive Order 13520, Reducing Improper Payments (http://www.whitehouse.gov/the-press-office/executive-order-reducing-improper-payments), signed by the President on November 20, 2009, and Office of Management and Budget (OMB) Circular A-123, Part III, issued March 22, 2010. The Executive Order and supporting OMB guidance require all agencies with high-error programs to submit an annual report to its Inspector General. The report contains our:

- Methodology for identifying and measuring improper payments in our high-error programs.

- Plan, with supporting analysis, for meeting the reduction targets for improper payments in our high-error programs, consisting of these elements:

    - Root causes of error in the program;
    - Corrective actions the agency is implementing and their full implementation dates;
    - The types of errors the corrective actions will address and their expected impact;
    - The anticipated costs of the corrective actions and their likely return on investment; and
    - An explanation of the program's performance in meeting its reduction targets.

- Identification of high-dollar improper payments, as well as our actions to recover improper payments and prevent future improper payments.

- Targets for reducing improper payments, where appropriate.

Please see the appendix for additional information on our implementation of Executive Order 13520.

Background

We have a well-deserved reputation for sound financial management. We take our stewardship responsibility very seriously, and have established agency performance measures aimed at preventing and detecting improper payments and collecting debt efficiently. In fact, our Agency Strategic Plan emphasizes our commitment to reducing improper payments. Our Strategic Plan contains a strategic goal that focuses on reducing improper payments and preserving the public's trust in our programs. Our goals align with the President's challenge to Federal agencies to aggressively reduce governmentwide improper payments. We support the current focus across government to reduce fraud, waste and abuse. We make every effort to ensure that the right recipient is receiving the right payment at the right time.

In addition, one of our Agency Priority Goals for FY 2012-2013 focuses on reducing Supplemental Security Income (SSI) overpayments. Our goal is to increase the SSI overpayment accuracy rate from 93.3 percent in FY 2010 to 95.0 percent by the end of FY 2013.

With the President's Budget released on February 13, 2012, we published our update to the Annual Performance Plan (APP) for FYs 2012-2013. In the APP, one of our goals and objectives is to recover improper payments. To accomplish this goal, we will undertake projects that: 1) maximize our use of proven debt collection tools and techniques; 2) implement new tools for debt collection; and 3) develop recommended changes to laws, regulations and policies to enhance our ability to collect debt.

We annually report improper payment findings (both overpayments and underpayments) from our stewardship reviews of the non-medical aspects of the Retirement and Survivors Insurance (RSI), Disability Insurance (DI), and Supplemental Security Income (SSI) programs in our Performance and Accountability Report (PAR). We use data from these reviews to plan corrective actions and monitor performance as required by the Government Performance and Results Act (GPRA) of 1993, the GPRA Modernization Act of 2010, and the Improper Payment Elimination and Recovery Act of 2010.

Designation of High-Error Programs

Under FY 2010 OMB standards, any program with $750 million in improper payments qualifies as a high-error program, and agencies must report improper payments in those programs. Annually, OMB re-defines the improper payments threshold; however, they did not update the threshold amounts for FYs 2011 or 2012. Agencies do not have to establish supplemental measures and targets if the payment error rate is less than 2 percent of program outlays.

We have two programs that meet OMB's definition of high-error programs: the Retirement, Survivors, and Disability Insurance (RSDI) program and the SSI program. The FY 2010 error rates for RSDI overpayments and underpayments were 0.39 percent and 0.25 percent, respectively. Because the RSDI payment error rate is below OMB's threshold of payment errors of less than 2 percent of program outlays, we are not required to establish supplemental measures and targets. In fact, the RSDI program is the most accurate program among Federal agencies that measure improper payments in FY 2011 according to OMB's summary. While we made statistically significant improvements in our SSI program's payment accuracy, it continues to meet the criteria that require us to establish supplemental measures and targets. We discuss these measures later in this report.

Our Limitation on Administrative Expenses (LAE) appropriation, which funds our administrative payments, does not qualify as a high-error program because the FY 2010 payment error rate was below the 2 percent threshold.

RSDI

Overview

The RSDI program provides monthly benefits to eligible individuals. We also pay retirees and dependent benefits to the spouse and minor children of the retired individual. In the event of death, we pay survivors benefits to the deceased's family. We also pay benefits to individuals who cannot work because they have a medical condition, which has lasted or is expected to last for a continuous period of no less than 12 months, or result in death, as well as to their dependents. We determine eligibility and benefit amounts based on the worker's contributions to Social Security.

Stewardship Reviews

Our APP includes an RSDI payment accuracy performance measure. We use stewardship reviews to measure the accuracy of payments to beneficiaries. We select cases monthly and review about 1,760 cases each year. For each case, we interview the beneficiary or representative payee, make collateral contacts as needed, and redevelop all non-medical factors of eligibility as of the sample month. We input the findings into a national database for analysis and report preparation.

Stewardship review findings provide the data necessary to meet the Improper Payments Information Act (IPIA) reporting requirements as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA). In addition to the combined payment accuracy rates for RSDI, we calculate separate rates for RSI and DI. We also provide payment accuracy rates for the current and previous reporting periods.

Historical Improper Payment Rates

Historically, we have reviewed the RSI and DI programs separately. However, for purposes of coordinating with OMB for governmentwide reporting, we combine the RSI and DI accuracy results. Likewise, we determine improper payment targets for RSDI rather than separately for RSI and DI.

The table on the next page shows historical improper payments for our RSI, DI, and combined RSDI benefit programs for FYs 2008-2010. We calculate the overpayment rate by dividing overpayment dollars by total dollars paid, and we calculate the underpayment rate by dividing underpayment dollars by total dollars paid. However, there may be differences in the calculated underpayment and overpayment rates due to rounding. The percentages and dollar amounts presented in the table are correct based on actual numbers used from the source data.

Improper Payments Experience FY 2008 – FY 2010						
	FY 2008		FY 2009		FY 2010	
	Dollars (millions)	Rate (percent)	Dollars (millions)	Rate (percent)	Dollars (millions)	Rate (percent)
RSI						
Total Payments	**502,692**		**544,478**		**572,569**	
Underpayment Error	**334**	**0.07**	**428**	**0.08**	**527**	**0.09**
Overpayment Error	**841**	**0.17**	**841**	**0.15**	**1,878**	**0.33**
DI						
Total Payments	**104,517**		**115,087**		**122,899**	
Underpayment Error	**160**	**0.15**	**191**	**0.17**	**1,261**	**1.03**
Overpayment Error	**1,200**	**1.12**	**1,706**	**1.48**	**844**	**0.69**
RSDI						
Total Payments	**607,210**		**659,565**		**695,469**	
Underpayment Error	**495**	**0.08**	**619**	**0.09**	**1,788**	**0.25**
Underpayment Target		**≤0.2**		**≤0.2**		**≤0.2**
Overpayment Error	**2,041**	**0.34**	**2,547**	**0.37**	**2,722**	**0.39**
Overpayment Target		**≤0.2**		**≤0.2**		**≤0.2**

Notes:

1. **Total benefit payments represent actual cash outlays for the fiscal year to the nearest million dollars. RSDI totals may not equal the sum of RSI and DI amounts due to rounding.**

2. **There may be slight variances in the dollar amounts and percentages reported due to rounding of source data.**

3. **RSI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: for FY 2008, +0.06 percent and -0.04 percent for underpayments and +0.16 percent and -0.12 percent for overpayments; for FY 2009, ±0.05 percent for underpayments and +0.15 percent and -0.17 percent for overpayments; and for FY 2010, ±0.03 percent for underpayments and +0.32 percent and -0.35 percent for overpayments.**

4. **DI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: for FY 2008, +0.14 percent and -0.12 percent for underpayments and ±0.91 percent for overpayments; for FY 2009, +0.16 percent and -0.17 percent for underpayments and ±1.33 percent for overpayments; and for FY 2010, +0.88 percent and -0.87 percent for underpayments and +0.68 percent and -0.72 percent for overpayments.**

5. **The changes in the DI error rates from FY 2009 to FY 2010 are not statistically significant. The changes in the overall RSDI underpayment error rates from FY 2009 to FY 2010 is a statistically significant increase. While significant, the overall underpayment rate changed by only 0.16 percentage points.**

Improper Payment Goals

The table below details the RSDI improper payment goal. We plan to maintain an accuracy rate of 99.8 percent for overpayments and underpayments for FYs 2011-2013.

RSDI Improper Payments Targets FY 2011 – FY 2013						
	2011 Target		2012 Target		2013 Target	
	Dollars (millions)	Rate (percent)	Dollars (millions)	Rate (percent)	Dollars (millions)	Rate (percent)
RSDI						
Total Payments	**719,515**		**767,541**		**814,846**	
Underpayments	**1,439**	**0.2**	**1,535**	**0.2**	**1,630**	**0.2**
Overpayments	**1,439**	**0.2**	**1,535**	**0.2**	**1,630**	**0.2**

Notes:

1. **We do not have separate RSI and DI targets (goals); therefore, we present a combined RSI and DI target.**
2. **FY 2011 data will not be available until April 2012; therefore, the rates shown are targets (goals).**
3. **Total benefit payments for FYs 2011-2013 are consistent with estimates prepared for the President's FY 2013 Budget.**

Major Causes of Improper Payments

In the tables on the next page, we list the major causes of RSDI overpayment and underpayment dollars for FYs 2006-2010. These dollar amounts represent the annual averages for the five-year period.

Major RSDI Error Dollar Overpayments ($ in Millions)		
Substantial Gainful Activity (SGA)	$831	When a disability beneficiary works, a number of factors determine whether the individual can continue to receive monthly benefits. After completing a nine-month trial work period, we do not pay a beneficiary for months when earnings exceed SGA thresholds. Errors occur when beneficiaries fail to report earnings timely or when we do not timely withhold monthly benefit payments from those engaging in SGA.
Computations	$273	We determine an individual's benefit amount by a number of factors, including age, earnings history, and the type of benefit awarded. Inaccurate information or administrative mistakes can cause errors in calculating benefits. In terms of overpayments, computation errors involving the Windfall Elimination Provisions are the leading cause of deficiencies.
Government Pension Offset	$271	We may offset RSDI benefits for a spouse or surviving spouse if he or she receives a Federal, State, or local government pension based on work on which the spouse did not pay Social Security taxes. Errors occur when receipt of these types of pensions are not reported.

Major RSDI Error Dollar Underpayments ($ in Millions)		
Computations	$370	We determine an individual's benefit amount by using a number of factors, including age, earnings history, and the type of benefit awarded. Inaccurate information or administrative mistakes can cause errors in calculating benefits.
Earnings History	$183	The earnings reported on an individual's work history help determine the amount of monthly benefits that the individual or someone filing on that account will receive. When the earnings record does not accurately reflect the individual's earnings, errors can occur when the individual applies for benefits.
Workers' Compensation (WC)	$130	If a person receives both WC and Social Security disability benefits, the total amount of these benefits cannot exceed 80 percent of his or her average current earnings before becoming disabled. If the total exceeds that amount, we reduce Social Security disability benefits until reaching the 80 percent threshold. Underpayments occur when the receipt of WC decreases or ceases, and we do not adjust the disability benefit.

Corrective Actions – SGA

SGA is a measurement of earnings used to determine whether a beneficiary meets our definition of disability. The ability to perform SGA may result in a suspension or termination of DI benefits. In terms of all errors (both overpayments and underpayments) for FYs 2006-2010, SGA accounted for about 28 percent of total RSDI error dollars. Errors involving SGA mainly affect DI cases and account for nearly half of all RSDI overpayment error dollars for FYs 2006-2010. While the number of SGA error cases remains low, the error dollars for these cases are often substantial.

The process for making SGA determinations has inherent delays that contribute to the magnitude of the overpayments. The delays inherent in SGA determinations result from: 1) an individual's delayed or non-report of work activity; and 2) the extensive case development required to determine if an individual is engaging in SGA.

- Work Continuing Disability Reviews (CDR)

  If the beneficiary does not report work, we will identify earnings when we post them to the earnings record. We prioritized the systems enforcement alerts we use to identify unreported earnings for DI beneficiaries by the amount of earnings. We work the cases with highest earnings first to minimize overpayments. Initially, we targeted cases over 365 days old, and we will gradually reduce the age threshold.

  A work CDR is an evaluation of a beneficiary's work activity to determine if the work represents SGA and if eligibility for benefits should continue. Work is substantial if the beneficiary performs work-related activities that are above the SGA earnings level.[1]

  We may become aware of a beneficiary's work activity through:

  - Voluntary beneficiary reporting;
  - Third parties; and
  - The CDR Enforcement Operation (CDREO), which is an automated process that matches Internal Revenue Service earnings posted to our Master Earnings File to the RSDI Master Beneficiary Record. The CDREO identifies both unreported earnings for DI beneficiaries, as well as earnings that beneficiaries may have already reported but we have not yet developed as part of the work CDR process. The CDREO selects cases based on the amount of earnings, certain medical re-exam information currently on the record, and other pertinent criteria.

  When we determine that a work CDR is required, our field offices and processing centers review the beneficiary's work activity, collect necessary data from various databases, and prepare relevant forms and notices. During this process, we consider relevant work

[1] In calendar year 2012, SGA is $1,010 per month for non-blind beneficiaries, and $1,690 per month for blind beneficiaries.

incentive policies, such as impairment-related work expenses, to determine if the beneficiary has performed SGA and if benefits should stop.

In FY 2011, we completed 329,579 work CDRs, of which 132,126 resulted in a cessation of benefits or a subsequent re-instatement or suspension of benefits during the extended period of eligibility, and 197,453 resulted in continuation of benefits.

- Predictive Model

  We are also piloting the use of a statistical predictive model on our systems enforcement alerts to help us identify beneficiaries who are at risk of receiving high earnings-related overpayments. We began testing this model in October 2010 in our New York Region, and we have since expanded the pilot to include over 50 percent of the CDR workload. The predictive model will help us better prioritize these alerts, allowing us to allocate resources to work high-risk cases first and reduce the amount of work-related overpayments.

- Policy Simplifications

  We are continuing to simplify our policies and procedures to improve the quality of work CDRs and reduce improper payments. We recently updated the forms that we use to gather information from our claimants and beneficiaries about their work activity. The new forms are easier to complete and understand. We are also streamlining our follow-up procedures when beneficiaries do not respond to our requests for information about their work. We anticipate the updated forms and streamlined procedures will help us gather work information more quickly and avoid delays in case processing. We released the new forms and procedures in February 2012.

- Work Incentive Simplification Pilot (WISP) – Legislative Proposal

  We have also requested reauthorization of our demonstration authority, which will allow us to test important improvements in our DI return to work rules. WISP will eliminate current barriers to employment by simplifying the treatment of beneficiary earnings and eliminating work as a reason for terminating DI benefits. We anticipate that the simplified rules under WISP will reduce improper payments.

SSI

Overview

SSI is a means-tested program for individuals with limited income and resources who are blind, disabled, or elderly. The program is complex because fluctuations in monthly income, resources, and living arrangements may affect eligibility and monthly payment amounts. Improper payments often occur if recipients, or their representative payees, fail to report changes in any of these factors timely; e.g., an increase in the value of his or her resources or an increase or decrease in wages. Failure to report these payment-affecting changes is the primary cause of both overpayment and underpayment errors, which has been a perennial problem since the inception of the SSI program.

Stewardship Reviews

For the SSI program, we derive the accuracy rates based on data from the review of a sample of SSI cases with a payment made in at least one month of the FY under review. We select cases monthly. For the FY 2010 stewardship review, we reviewed 4,304 cases. For each case, we interview the beneficiary or representative payee and redevelop the non-medical factors of eligibility to determine whether we made the payment correctly. We express any difference between what we actually paid and what the quality reviewer determined we should have paid as an overpayment or underpayment error. We calculate and report the overpayment and underpayment accuracy rates separately.

Historical Improper Payment Rates

The table on the next page shows the improper payment experience for the SSI program for FYs 2008-2010. We calculate the overpayment rate by dividing overpayment dollars by total dollars paid, and we calculate the underpayment rate by dividing underpayment dollars by total dollars paid. However, there may be differences in the calculated underpayment and overpayment rates due to rounding. The percentages and dollar amounts presented in the table are based on actual numbers used from the source data.

Our greatest payment accuracy challenge is SSI overpayments. In FY 2008, the SSI overpayment accuracy rate was 89.7 percent, the lowest rate since the early days of the program. After receiving additional resources for program integrity reviews, we increased the volume of redeterminations of eligibility conducted in FY 2009. In FY 2009, the SSI overpayment accuracy rose to 91.6 percent, which is a statistically significant improvement over the FY 2008 rate. In FY 2010, the SSI overpayment accuracy rate continued to rise to 93.3 percent. This increase, too, was statistically significant. These increases demonstrate the value of additional funding for program integrity efforts.

The SSI underpayment accuracy rate is relatively high. However, the decrease in underpayment accuracy from 98.4 percent in FY 2009 to 97.6 percent in FY 2010 is statistically significant. The five-year underpayment trend is relatively stable, and the difference in underpayment accuracy between FY 2006 at 97.8 percent and FY 2010 at 97.6 percent is not statistically significant.

SSI Improper Payments Experience FY 2008 – FY 2010						
	FY 2008		FY 2009		FY 2010	
	Dollars (millions)	Rate (percent)	Dollars (millions)	Rate (percent)	Dollars (millions)	Rate (percent)
SSI						
Total Payments	**45,045**		**48,294**		**50,276**	
Underpayment Error	**789**	**1.8**	**787**	**1.6**	**1,227**	**2.4**
Underpayment Target		**≤1.2**		**≤1.2**		**≤1.2**
Overpayment Error	**4,648**	**10.3**	**4,040**	**8.4**	**3,344**	**6.7**
Overpayment Target		**≤4.0**		**≤4.0**		**≤8.4**

Notes:

1. **Total Payments represent estimated program outlays while conducting the payment accuracy stewardship reviews and may vary from actual outlays.**

2. **The percentages and dollar amounts are correct based on actual numbers used from the source data. However, there may be differences in the calculated overpayment and underpayment rates due to rounding.**

3. **SSI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: for FY 2008, ±0.53 percent for underpayments and ±1.46 percent for overpayments; for FY 2009, ±0.3 percent for underpayments and ±1.5 percent for overpayments; and for FY 2010, ± 0.66 for underpayments and ± 1.05 for overpayments.**

4. **The increase in the underpayment rate from FY 2009 to FY 2010 is statistically significant. It was mainly due to the following factors:**
   - **The failure of recipients to report a living arrangement change from "household of another" to "own household"; and**
   - **The failure to report a stoppage of work or a decrease in the amount of wages received.**

Improper Payment Goals

The table on the next page details the target SSI improper payment goals for FYs 2011-2013. Our goal is to achieve an underpayment accuracy rate of 98.8 percent and overpayment accuracy rates of 93.3 percent, 95 percent, and 95 percent, respectively.

SSI Improper Payments Targets FY 2011 – FY 2013						
	2011 Target		2012 Target		2013 Target	
	Dollars (millions)	Rate (percent)	Dollars (millions)	Rate (percent)	Dollars (millions)	Rate (percent)
SSI						
Total Payments	**52,264**		**55,254**		**57,875**	
Underpayments	**627**	**1.2**	**663**	**1.2**	**695**	**1.2**
Overpayments	**3,502**	**6.7**	**2,763**	**5.0**	**2,894**	**5.0**

Notes:

1. **Our Annual Performance Plan and Congressional Justification, issued in February 2011, reflect an FY 2011 SSI overpayment target rate of 8.0 percent. Because of the lag in producing actual performance data, we did not receive FY 2010 SSI overpayment accuracy data until June 2011. The increase in our FY 2010 accuracy rate prompted us to revise the FY 2011 SSI overpayment target to 6.7 percent.**

2. **Total Federally-administered SSI payments are consistent with estimates prepared for the President's FY 2013 Budget, adjusted to be presented on a constant 12-month per year payment basis.**

Major Causes of Improper Payments

The following tables contain the major causes of SSI overpayment and underpayment dollars for FYs 2006-2010. These dollar amounts represent the annual averages for the five-year period.

Major SSI Error Dollar Overpayments ($ in Millions)		
Financial Accounts	$963	The applicant or recipient (or his or her parent or spouse) has financial accounts that exceed the allowable resource limits ($2,000 individual/$3,000 couple) that may result in periods of SSI program ineligibility.
Wages	$709	The recipient (or his or her parent or spouse) has actual wages that exceed the wage amount used to calculate payment.
In-Kind Support and Maintenance	$290	In-kind support and maintenance is unearned income in the form of food or shelter received. The error results when the recipient's amount of in-kind support and maintenance is more than the amount used to calculate payment.

Major SSI Error Dollar Underpayments ($ in Millions)		
Living Arrangement "A"	$241	We paid the recipient as "living in the household of another" when he or she is living in his or her own household for SSI purposes and; therefore, due a higher payment amount.
Wages	$232	The recipient (or his or her parent or spouse) has actual wages that are less than the wage amount used to calculate payment.
In-Kind Support and Maintenance	$227	In-kind support and maintenance is unearned income in the form of food or shelter received. The error results when the recipient's amount of in-kind support and maintenance is less than the amount used to calculate payment.

<u>Corrective Actions</u>

We discuss two major initiatives below that address the two primary causes of SSI payment error–financial accounts and wages.

Access to Financial Institutions (AFI) initiative–AFI is an electronic process that verifies bank account balances with financial institutions for purposes of determining SSI eligibility. In addition to verifying alleged accounts, AFI detects undisclosed accounts by using a geographic search to generate requests to other financial institutions. AFI's purpose is to identify excess resources in financial accounts, which are a leading cause of SSI payment errors: We currently use the AFI system in all 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands.

Quick Facts - AFI	
Rollout	In June of 2011, we successfully completed AFI rollout to all 50 states, the District of Columbia, and the Commonwealth of the Northern Mariana Islands.
Full Implementation	Full implementation is defined as using AFI on every potential SSI claim and redetermination and assumes using a $0 tolerance level and up to 10 geographic searches for undisclosed accounts.
Program Savings Estimates	When we fully implement AFI, we project roughly $900 million in lifetime program savings for each year we use the fully implemented process.

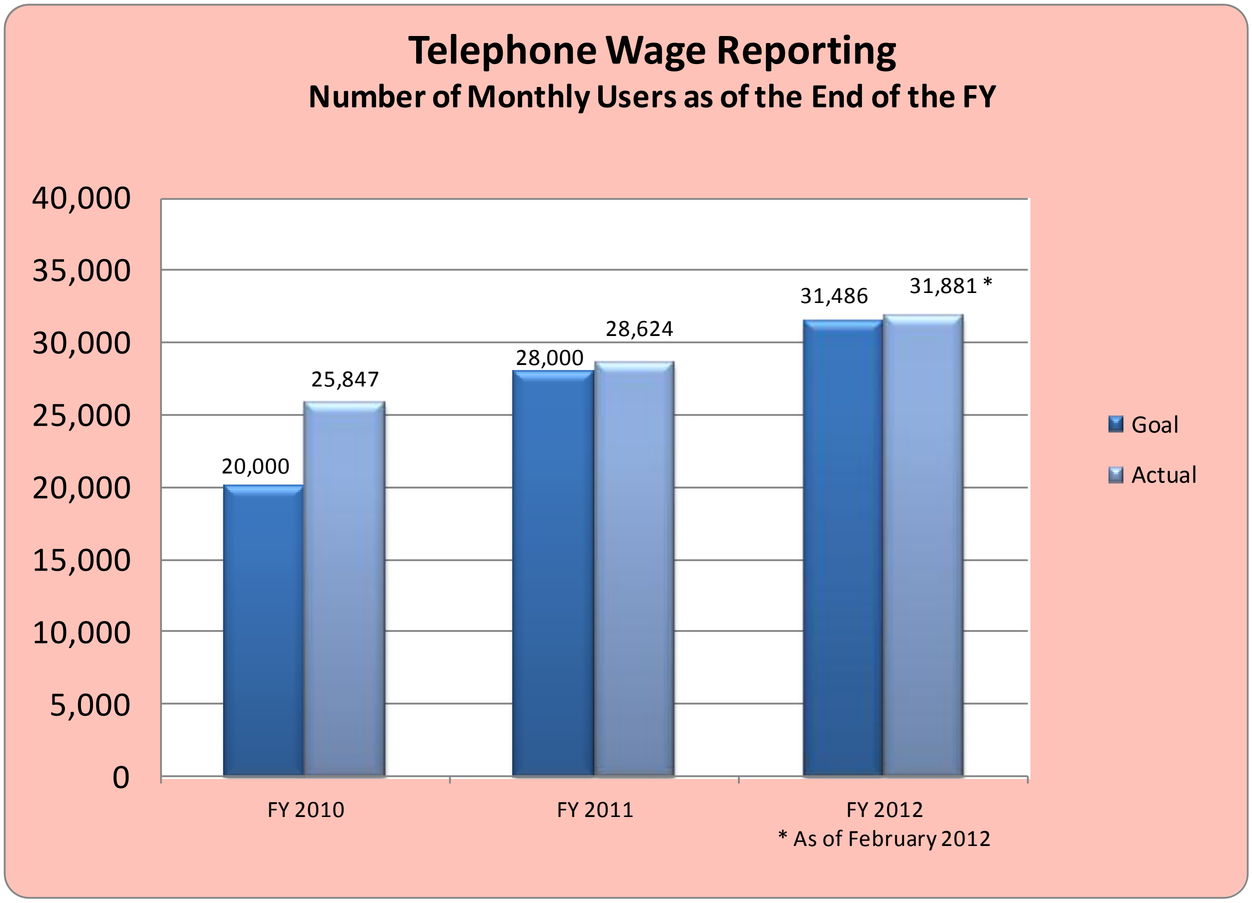
We continue to automate the AFI process. We are integrating it with our Modernized SSI Claims System (MSSICS). This change will automatically send electronic requests for financial information and incorporate that information into MSSICS.

SSI Automated Telephone Wage Reporting System (SSITWR)–SSI recipients must report their own earnings and the earnings of others in the household whose incomes we consider in determining the SSI payment amount. Changes in the amount of wages received by an SSI recipient or others in the household may affect the recipient's payment amount or eligibility status.

Stewardship data indicate that wage-related overpayment dollars result from fluctuating income and failure to timely report an increase in wages. In an effort to make this process easier for both the recipients and our employees, we created the SSITWR system. Through the SSITWR program, individuals call a dedicated agency telephone number to report their wages via a voice-recognition system. In May 2009, we began requiring our field offices to recruit all recipients and representative payees, as well as other household members who influence the recipients' payments, to report wages using SSITWR.

SSITWR wage reports are highly accurate. The dollar accuracy of wages reported using this system is 92.2 percent, compared to the 75.5 percent dollar accuracy of wage estimates on the SSI record prior to SSITWR.

Quick Facts - SSITWR	
Current Status	Program is available nationwide.
Ease of Use	Uses voice-recognition software. A participant training package and instructional CD-ROMs are available.
Resource Savings	No additional evidence generally needed once report is received.
Accuracy Rate	Reported wages are 92.2 percent accurate.



For FYs 2010 and 2011, we established goals to achieve a targeted number of monthly reporters[2] participating in the SSITWR: 20,000 by the end of FY 2010 and 28,000 by the end of FY 2011. As reflected in the chart above, we exceeded both goals. In FY 2012, our goal is to increase the monthly use of SSITWR by an additional 10 percent above the usage in September 2011, but as indicated in the chart, we had already attained this goal as of February 2012. Our front-line employees will continue to recruit new monthly reporters and promote the use of this tool for wage reporting. For FY 2013, our goal is to increase the monthly use of SSITWR by an additional 5 percent above the usage in September 2012.

We are seeking new ways to promote SSITWR. In FY 2012, we plan to conduct targeted outreach to encourage representative payees of working SSI recipients to report wages using SSITWR.

Reduction Targets

In compliance with Executive Order 13520, we developed two 2-year SSI supplemental measures and targets for FYs 2012 and 2013. These measures and targets also support our

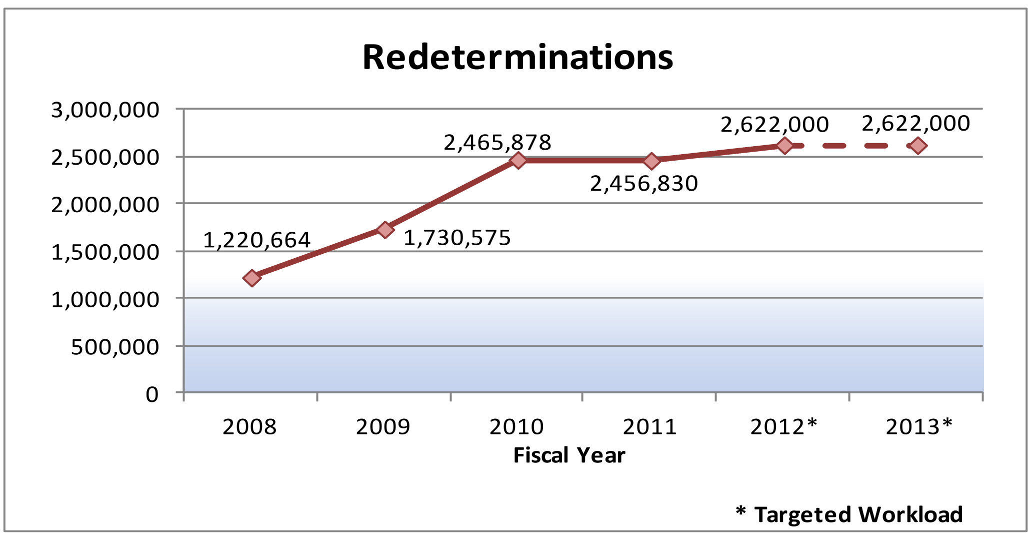
[2] Approximately, 600,000 SSI recipients have wages.

Agency Priority Goal to increase our SSI overpayments payment accuracy to 95 percent for FY 2013.

- SSI Non-Disability Redeterminations

  SSI payment amounts can fluctuate monthly depending on changes in non-medical factors of eligibility, such as income and living arrangements. To ensure we pay SSI payments in the correct amount and only to eligible individuals, we conduct SSI redeterminations, which are periodic reviews of SSI non-medical eligibility factors. Redeterminations are a very effective tool to detect and prevent improper payments in the SSI program. In addition, SSI redeterminations include using the AFI program to verify financial accounts. Redeterminations can be scheduled or unscheduled. The frequency and the intensity of scheduled SSI redeterminations for a given SSI recipient depends on the projected dollar amount of overpayments for that recipient, estimated through a statistical predictive model. We also complete unscheduled SSI redeterminations on an as-needed basis when recipients report certain changes in circumstance that could affect the continuing SSI payment amount or eligibility.

  Our supplemental target is to conduct the budgeted amount of SSI non-disability redeterminations. The total number of SSI redeterminations we complete varies from year-to-year based on available resources and field office workload considerations. We anticipate completing 2,622,000 SSI redeterminations in FY 2012. The FY 2013 President's budget includes resources to complete 2,622,000 SSI redeterminations.



- SSITWR

  Our second supplemental target is to increase the use of monthly SSITWR, based upon our corrective actions discussed earlier.

The following tables contain our supplemental targets and measures for FYs 2012 and 2013.

FY 2012 SSI - Supplemental Measures and Targets		
Type of Error	**Targets**	**Actuals**
Overpayment/Underpayments due to a Change that Affects Payment Amount or Eligibility		
Cause: The recipient fails to report a change that affects payment amount or eligibility. **Program Savings:** We estimate every dollar spent on SSI redeterminations yields better than $7 in program savings over 10 years, including savings accruing to Medicaid (as of the FY 2012 President's Budget).	By September 30, 2012, complete the budgeted amount of 2,622,000 SSI non-disability redeterminations.	As of February 2012, we conducted slightly more than 1 million SSI redeterminations.
Overpayments due to Unreported Wages		
Cause: Recipients fail to report their new or increased wages. **Error Amount:** $361 million (9.7 percent of all overpayment deficiency dollars) in FY 2010.	By the end of FY 2012, increase the monthly use of SSITWR by 10 percent above the usage in September 2011.	As of February 2012, we received nearly 32,000 successful wage reports via SSITWR.

FY 2013 SSI - Supplemental Measures and Targets		
Type of Error	**Targets**	**Actuals**
Overpayment/Underpayment due to a Change that Affects Payment Amount or Eligibility		
Cause: The recipient fails to report a change that affects payment amount or eligibility. **Program Savings:** We estimate every dollar spent on SSI redeterminations yields about $6 in program savings over 10 years, including savings accruing to Medicaid (as of the FY 2013 President's Budget).[3]	By September 30, 2013, complete the budgeted amount of 2,622,000 SSI non-disability redeterminations.	
Overpayment due to Unreported Wages		
Cause: Recipients fail to report their new or increased wages. **Error Amount:** $361 million (9.7 percent of all overpayment deficiency dollars) in FY 2010.	By the end of FY 2013, increase the monthly use of SSITWR by 5 percent above the usage in September 2012.	

Full Medical CDRs

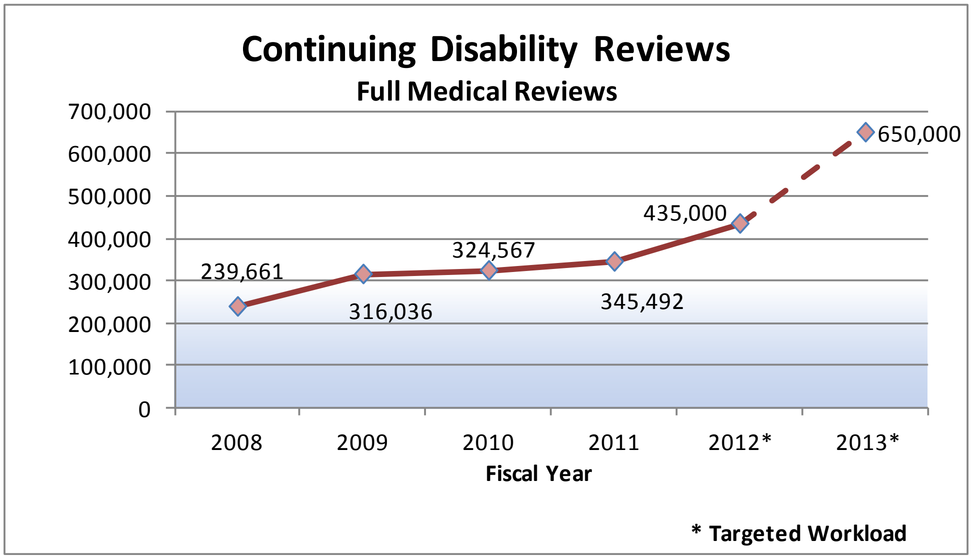
Another important tool we use to maintain and improve our program stewardship are medical CDRs. Medical CDRs are periodic reevaluations to determine if beneficiaries are still disabled.

Sections 221(i) and 1614(a) of the Social Security Act require us to periodically review beneficiaries' disabilities to determine whether they have medically improved. When disability is established, we schedule each case for a periodic CDR. The frequency of review depends on the likelihood of medical improvement. In addition, we may conduct a CDR earlier than scheduled if we receive information that a beneficiary may no longer be disabled. The Disability Determination Service (DDS) makes the medical determination of whether the individual's disability has ended or significantly improved.

[3] The Medicaid estimates now reflect the effects of a provision of the Affordable Care Act. That provision mandates extended- Medicaid coverage beginning in January 2014 for individuals under age 65 with income less than 138 percent of the poverty level.

We report annually to Congress on the CDR workload. Our most recent report showed that we spent $371 million completing medical CDRs in FY 2009, for an estimated present value of lifetime program benefit savings of $4.6 billion**,** including Medicare and Medicaid savings. These results demonstrate that CDRs continue to be highly cost-effective. We estimate that every dollar spent on medical CDRs yields at least $10 in lifetime program savings, including savings accruing to Medicare and Medicaid.

With the enacted FY 2012 budget, we will conduct 435,000 full medical CDRs. The FY 2013 proposed budget includes resources to initiate 650,000 full medical CDRs.



Fraud, Waste, and Abuse

We take our responsibility seriously to detect suspected fraudulent activity and refer alleged incidents of fraud, waste, and abuse to the Office of the Inspector General (OIG) for investigation. We also jointly administer, with OIG, the DDSs and local law enforcement, the Cooperative Disability Investigations (CDI) project that consists of 25 CDI units nationwide. The CDI units improve our capability to detect fraud at the earliest point in the process, thereby preventing or terminating erroneous eligibility. CDI units investigate individual claimants and service providers, such as doctors and lawyers, who are suspected of facilitating and promoting disability fraud.

In FY 2011, OIG estimates that CDI efforts resulted in over $281 million in savings to our disability programs and over $182 million in savings to non-Social Security Administration (SSA) programs. CDI units support our strategic goal of ensuring the integrity of Social Security programs, with zero tolerance for fraud.

Plans for Ensuring that Initiatives Do Not Burden Program Access/Participation

The purpose of Executive Order 13520 is to reduce improper payments while continuing to ensure that Federal programs serve their intended beneficiaries. Our efforts to reduce improper payments do not hinder access to current or prospective beneficiaries. Specific OMB guidance on this reporting requirement is not yet available, and we will provide our plan in future reports after we receive this guidance. In the interim, the following information describes our efforts to increase online services, which help us ensure that our efforts to reduce improper payments do not impede access to our services.

Online services are vital to good public service. In increasing numbers, the public expects to conduct business over the Internet. To handle the anticipated increase in benefit applications and to fulfill the public's growing expectation for convenient, effective, and secure electronic service options, we created a new, easy-to-use online application. Our Internet services provide the public with the ability to conduct business at their convenience and at their own pace, without the need to visit a field office. We only ask questions relevant to the applicant, making it easier and faster to file for benefits online. We also updated our Disability Benefit Application information webpage, explaining the advantages of applying for disability online, outlining the four steps needed to submit a completed application, and providing links to additional information about our disability program.

In addition, the public's increased use of online services reduces the average time our employees spend completing claims. Our employees use the time saved to handle more complicated issues. However, we review every online application and contact applicants to resolve any issues we identify on their applications.

Benefit Overpayment Collection

In addition to our efforts to prevent and detect improper payments, we also have a comprehensive RSDI and SSI debt collection program. We recovered $3.20 billion in program debt in FY 2011 and $14.72 billion over the five-year period (FYs 2007-2011) at an administrative cost of $.08 for every dollar collected. The table on the next page shows existing debt collection tools we use to recover RSDI and SSI overpayments.

Programmatic Debt Overpayment Recovery Methods	
Benefit Withholding	We withhold some or all of the payments for RSDI beneficiaries and SSI recipients as an internal collection technique. We collected $2,333.1 million in FY 2011 using this method.
Treasury Offset Program (TOP)	TOP is an automated debt collection tool sponsored by Department of the Treasury (Treasury). Through TOP, we collected $165.8 million in FY 2011.
Credit Bureau Reporting	We inform credit bureaus about delinquent debts owed by former RSDI beneficiaries or SSI recipients. This debt collection tool contributed to the voluntary repayment of $60.1 million in FY 2011. (This amount is included in the TOP collection total above.)
Cross Program Recovery - RSDI	We use this collection technique to recover RSDI overpayments before we issue SSI recipients any underpaid amounts. Using this technique, we collected $33.7 million in FY 2011.
Cross Program Recovery - SSI	We use this collection technique to recover SSI overpayments before we issue any RSDI benefit payments. We recovered $115.6 million in FY 2011 using this method.
Administrative Wage Garnishment (AWG)	AWG is a process through which an employer withholds amounts from an employee's wages and pays those amounts to the Federal agency to which the employee owes a delinquent debt. During FY 2011, we collected $19.0 million through AWG.
Non-Entitled Debtors (NED)	NED is an automated system that we use to control recovery activity for debts owed by debtors who are not entitled to benefits, such as representative payees who receive overpayments after the death of a beneficiary. We used the NED system to recover $3.5 million in FY 2011. (This amount is included in the TOP, AWG, and Other Collections discussed in this table.)
Automatic Netting - SSI	This program automatically nets SSI overpayments against SSI underpayments. Using this program, we "netted" $129.2 million in FY 2011. (These overpayments are not included in our FY 2011 overpayment collections of $3.20 billion because overpayments are "netted" before they are established on the SSI recipient's record.)
Other Collections	These are mostly voluntary payments received as a result of a notice requesting refund of an overpayment. We collected $532.8 million in FY 2011 from these payments.

To further improve our debt collection program, we will implement Phase II of the External Collection Operation Enhancements project in FY 2012. This enhancement will allow us to collect delinquent debts by offsetting Federal payments through TOP beyond the previous 10-year statute of limitations, as authorized by Public Law 110-246 and 31 United States Code 3716. Phase I, implemented in July 2010, enabled us to collect delinquent SSI debts from a population of debtors previously excluded from the automated External Collection Operation selection process. As resources permit, we will develop additional debt collection tools such as offsetting State payments to recover our delinquent debts, charging administrative fees, and imposing interest or indexing a debt to reflect its current value.

Improper Overpayments Recovery Target

Executive Order 13520 requires each agency to set targets for the recovery of their improper payments.

The Food, Conservation, and Energy Act of 2008 (Public Law 110-246) amended 31 U.S.C. § 3716 by eliminating the 10-year statute of limitations on administrative offsets. In 2009, Treasury similarly amended its regulations to eliminate a statute of limitations on outstanding debt collection, at 31 C.F.R. § 285.2, Offset of Tax Refund Payments to Collect Past-Due Legally Enforceable Non-Tax Debt, and 31 C.F.R. § 285.5, Centralized Offset of Federal Payments to Collect Non-Tax Debts Owed to the United States.

This change in the law allows us to pursue collection via TOP from approximately 400,000 debtors with debts previously unavailable for collection due to the 10-year statute of limitation. Full implementation will give us the potential to collect an additional $700 million dollars in delinquent RSDI and SSI debt. We will begin to receive these additional collections in the first quarter of FY 2013. Therefore, the baseline from which we will measure recovery of delinquent debt will be the collections from TOP for FY 2012.[4]

Prior to our referral of these additional debts to Treasury, we must update our systems to select the additional debts and notify the debtors of our intent to refer their delinquent debt and provide them the required due process.

[4] Treasury regulations do not permit disclosure about the source of collections recovered by TOP. Therefore, any increase above the FY 2012 baseline may be attributable to removal of the 10-year statute of limitations.

Activity	Target Completion Date
Phase I – Update Systems	09/2012
Phase II – Notify Debtors	12/2014

Phase 1 – Update Systems

By September 30, 2012, we expect to complete the systems enhancements to implement referral of delinquent debts older than 10 years to TOP.

Phase II – Notify Debtors

Following implementation of the systems enhancements, we plan to send a pro-rated share of notices each month. After these mailings, we plan to assess the effect on our workloads. If the workload effect is minimal, we will increase the mailings each month. We expect to complete the required due process notification to all debtors by the end of 2014.

High-Dollar Improper Payment Quarterly Report

Executive Order 13520 requires the head of each agency to compile a quarterly report on any high-dollar improper payments and to submit this report to the agency's Inspector General and the Council of Inspectors General on Integrity and Efficiency, as well as make it available to the public.

Part III to OMB Circular A-123, Appendix C defines a high-dollar overpayment as any overpayment made to an individual or entity in excess of 50 percent of the correct amount of the intended payment, where:

- The total payment to an individual exceeds $5,000 as a single payment or in cumulative payments for the quarter; or
- The payment to an entity exceeds $25,000 as a single payment or in cumulative payments for the quarter.

OMB recognized the resource and operational challenges of this requirement and worked with us to identify high-dollar overpayments. We confirmed with OMB that quarterly reports of high-dollar overpayments are limited to improper overpayments, and we do not extrapolate those instances to the entire RSDI and SSI program. Instead, we report specific incidents of high-dollar improper payments. In addition, OMB agreed to use our stewardship samples to identify cases that meet the criteria for high-dollar improper payment reporting. From our first quarterly report sent in July 2010 through our most recent report in January 2012, we have identified no high-dollar improper payments to report.

OIG's Quick Response Evaluation, *SSA's Reporting of High-Dollar Overpayments Under Executive Order 13520 in Fiscal year 2011*, issued in December 2011 (http://oig.ssa.gov/sites/default/files/audit/full/pdf/A-15-11-01140_0.pdf), contains a recommendation that we use an alternative method to identify cases meeting the above criteria. We evaluated OIG's suggested methodology based upon its random selection of cases. We determined that the results provided a negligible return on investment and did not provide a viable reporting alternative. Therefore, we plan to continue our current evaluation methodology.

Administrative Payments/LAE

We make four types of administrative payments: 1) payroll and benefits; 2) DDS expenses; 3) vendor payments; and 4) travel payments. We continuously monitor our administrative payments operations and manage our resources to ensure compliance with Federal regulations and agency policies and procedures. We designed our improper payments and recovery identification, tracking, and reporting to meet the reporting requirements of both IPIA and IPERA.

Payroll and Benefits

Payroll and benefits account for a majority of total administrative expenses funded by LAE. Using the broadest definition of improper payments, we extracted all 26 prior period adjustment records from the biweekly payroll files and analyzed that data to determine the reasons for and amount of adjustments to payments that were due to or collected from our employees. For purposes of the improper payment calculation, we assumed that any adjustment to payments was an improper payment. For FY 2010, we found approximately $3.0 million in improper payroll payments out of $6,375 million total payroll payments, which yielded a 0.05 percent improper payment rate. Based on the results of our review of payroll and benefit payments, we determined that these payments are not susceptible to significant improper payments. Therefore, these payments do not meet the criteria for further reporting to Congress or OMB.

DDS

When a claimant applies for DI or SSI benefits, the State DDS makes the medical determination of disability. We pay for all costs incurred in making the disability determination, including salaries and overhead. DDS authorizes purchases of evidence such as medical examinations, x-rays, and laboratory tests on a consultation basis. For payment accuracy, we rely upon OIG's audits of DDSs as authorized by the Single Audit Act. OIG schedules its audits based on the amount of DDS disbursements using the following criteria:

- $50 million and above – Once every three years;
- $10 - $50 million – Once every five to seven years; and
- Below $10 million – Once every ten years.

Vendor and Travel Payments

For FY 2010, we reviewed $1.5 billion in vendor and travel payments out of about $1.67 billion subject to review for *FY 2011 Performance and Accountability Report* reporting. We excluded the following classes of contracts from the scope of the recovery audit:

- Incomplete cost-type contracts where payments are interim, provisional, or otherwise subject to further adjustment by the Government in accordance with the terms and conditions of the contract.
- Cost-type contracts that were completed, subjected to final contract audit, and prior to payment of the contractor's final invoice.

We identified total vendor and travel overpayments of $1.4 million, which equates to approximately 0.09 percent of total payments subject to review. We consider all vendor and travel overpayments as 100 percent collectible. Vendor and travel overpayments recovered and reported are for FY 2010 or prior fiscal years. These overpayments were from discretionary accounts appropriated before enactment of IPERA on July 22, 2010, and the payments, therefore, do not fall under the requirements of Appendix C of OMB Circular No. A-123 Part 1(B)(15) Disposition of Recovered Amounts. Therefore, we return all amounts recovered to the original appropriation from which the overpayment was made. We recognize IPERA allows further disposition of recovered funds and are evaluating how to implement this provision of the law.

Although the number and amount of overpayments are minimal and immaterial, duplicate payments are the primary cause of vendor overpayments. We designed, developed, and deployed a predictive analytics program to detect and recover these improper payments. Additionally, we developed and implemented internal controls to minimize improper payments.

Administrative Overpayment Collection

Along with our comprehensive program to recover benefit overpayments, we have an extensive debt collection program to recover administrative overpayments to contractors and former SSA employees resulting from payment errors. In FY 2011, we collected $4.1 million in administrative debt recovered through an array of internal and external debt collection tools. We present these recovery methodologies in the table on the next page.

Administrative Debt Overpayment Recovery Methods	
Direct Collection	We receive collections internally through demand notifications. This debt collection tool contributed to the voluntary repayment of $2.3 million in FY 2011.
Internal Offset	We conduct an internal administrative offset by withholding monies due or payable. We collected $1.5 million through this debt collection tool in FY 2011.
Treasury Cross Servicing	This is a debt collection tool sponsored by Treasury for offsetting Federal payments, including tax refunds, retirement pay, and Federal employee salary offset and provides authority for disbursing officials to conduct payment offsets. This debt collection tool also performs AWG, credit bureau reporting, and collection outsourcing to private collection agencies. We collected $0.3 million through this debt collection tool in FY 2011.

Payment Recapture Audits

IPERA requires agencies to conduct payment recapture audits (i.e., recovery audits) for each program and activity of the agency with annual expenditures of $1 million or more. To comply with this statute, on November 2, 2011 we awarded a recovery audit contingency contract to PRGX USA, Inc. for administrative payments. The payment recapture audit will include payroll payments and benefits, DDS, and vendor and travel payments.

For our benefit program payments, we believe our existing oversight measures meet the payment recapture audit program requirements of IPERA. Our stewardship reviews and other program integrity workloads are functionally similar to payment recapture audits for benefit payments. In addition, we perform other program integrity workloads, e.g., CDRs and SSI redeterminations, and we have prevention programs, such as AFI and SSITWR. Together, we believe that these measures meet or exceed our obligations under IPERA, and we do not believe that additional measures would be cost effective.

Executive Order 13520 requires each agency, beginning in FY 2011, to annually report information related to identification, tracking, and recovery of improper grants, benefits, and contract payments, where applicable, to OMB's improper payments website, PaymentAccuracy.gov. According to OMB, their website is currently unable to accommodate this improper payment recovery information.

Appendix

Social Security Administration
Implementation of Executive Order 13520
Fact Sheet

Improper Payment Definition

For the purpose of Executive Order 13520, Reducing Improper Payments, the definition of an improper payment is the same as that contained in Improper Payments Information Act (IPIA) and Part I, Section A of Appendix C to Office of Management and Budget (OMB) Circular A-123, Requirements for Effective Measurement and Remediation of Improper Payments.

> "An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments and underpayments (including inappropriate denials of payment or service). An improper payment includes any payment that was made to an ineligible recipient or for an ineligible service, duplicate payments, payments for services not received, and payments that are for an incorrect amount. In addition, when an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an error.
>
> The term 'payment' in this guidance means any payment (including a commitment for future payment, such as a loan guarantee) that is:
>
> - Derived from Federal funds or other Federal sources;
> - Ultimately reimbursed from Federal funds or resources; or
> - Made by a Federal agency, a Federal contractor, a governmental or other organization administering a Federal program or activity."

Consistent with IPIA and OMB guidelines, we consider payments improper (both overpayments and underpayments) if they result from:

- Our mistake in computing the payment;
- Our failure to obtain or act on available information affecting the payment;
- A beneficiary's failure to report an event; or
- A beneficiary's incorrect report.

Not all overpayments and underpayments are improper. Certain overpayments are unavoidable, and not improper, if the payment is required by statute, regulation, or court order, such as continued payments required by due process procedures. For example, the Social Security Act allows beneficiaries, in prescribed circumstances, to request continuation of their benefits while they appeal an adverse action. If the appeal is not decided in their favor, the resulting overpayment is not considered improper because it was statutorily required at the point we made it. When used in this report, the term "overpayment" or "underpayment" is referring to an improper overpayment or underpayment.

Risk-Susceptible Program

IPIA defines programs susceptible to significant improper payments as those with estimated improper payments that exceed $10 million. OMB extended the definition requiring that estimated improper payments also exceed 2.5 percent of payment outlays. That is, a program's payments are considered susceptible to significant improper payments if improper payments are estimated to exceed both 2.5 percent of program outlays and $10 million. The 2.5 percent error rate threshold will drop to 1.5 percent beginning with FY 2013 reporting.

The Improper Payments Elimination and Recovery Act further defines "significant erroneous overpayments" (i.e., significant improper overpayments) as annual erroneous payments in the program exceeding both 2.5 percent of program outlays and $10 million of all program or activity payments made during the fiscal year reported or $100 million (at any percent of program outlays). OMB Circular A-123, Part III also extends the improper payments reporting requirements to those programs listed in the former Section 57 of OMB Circular A-11, including Retirement, Survivors, Disability Insurance (RSDI) and Supplemental Security Income (SSI).

SSI payments meet OMB's definition of "susceptible to significant improper payments." The fiscal year (FY) 2010 annual stewardship review indicates that the overpayment error rate was 6.70 percent, and the underpayment error rate was 2.40 percent.

For FY 2010, the RSDI overpayment error rate was 0.39 percent while the underpayment error rate was 0.25 percent. Even though the RSDI programs are not "susceptible to significant improper payments" under the IPIA, they meet the grandfathered reporting requirements of IPIA because these programs were reported in the former Section 57 of OMB Circular A-11.

IPIA requires the evaluation of all payment outlays. Therefore, in addition to reviewing our program payments, we conduct annual reviews of our administrative payments for employee payroll and benefits disbursements and vendor and travel payments funded by the Limitation on Administrative Expenses (LAE) appropriation. We have determined that these payments were not susceptible to significant improper payments. The FY 2010 error rate for payroll and benefits was 0.05 percent, and the error rate for vendor and travel payments was 0.09 percent.

High-Error Program[5]

Appendix C, Part III of OMB guidance titled *Requirements for Implementing Executive Order 13520: Reducing Improper Payments* defines high-error programs as follows:

> "The Director of OMB will classify a program as high-error if the program meets the following criteria:
>
> - It is susceptible to significant improper payments as defined by legislation and OMB implementing guidance and either:
>   - Measured and reported errors above the threshold determined by OMB and contributed to the majority of improper payments in the most recent reporting year; or has not reported an improper payment dollar amount in the most recent reporting year, but has in the past reported errors above the threshold determined by OMB and not received relief from OMB from measuring and reporting; or
>   - Has not yet reported an overall program improper payment dollar amount, but the aggregate of the measured program's component errors are above the threshold.
>
> - For those programs with error amounts close to the threshold, but with error rates below 2 percent of program outlays, agencies may work with OMB to determine if the program can be exempt from fulfilling certain requirements of the Executive Order."

The Director of OMB will identify high-error programs annually based upon improper payment reporting in our annual PAR. The FY 2010 threshold is $750 million in improper payments as reported in our FY 2009 PAR. Annually, OMB may re-define the improper payments threshold; however, OMB did not determine a threshold amount for FY 2011 or FY 2012.

The chart below depicts the improper payments reporting requirements for those susceptible to improper payments reporting for RSDI, SSI, and LAE.

Improper Payments Reporting Requirements (Error Rates for FY 2010)				
Payment Type	Overpayment Error Rate (percent)	Underpayment Error Rate (percent)	Susceptible to Improper Payments	High-Error Program
RSDI	0.39	0.25	✓	✓ *
SSI	6.70	2.40	✓	✓
Administrative/LAE	0.05**	0	N/A	N/A
* RSDI supplemental targets not required since error rates are less than 2 percent. **The percentage only includes results from our review of payroll and benefit payments, vendor payments, and travel payments.				

[5] OMB changed "High-Priority Program" to "High-Error Program."