Incorrect Old-Age, Survivors and Disability Insurance Benefit Payment Computations that Resulted in Overpayments
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Objective

To determine whether overpayments resulting from incorrect Old-Age, Survivors and Disability Insurance benefit payment computations were avoidable.

Background

The Social Security Administration (SSA) considers numerous factors, including a beneficiary's age, earnings, and benefit type, when it determines their monthly benefits. These are known as entitlement factors.

SSA makes incorrect benefit computations when employees enter the wrong information into SSA's systems or incorrectly calculate benefits. Benefits are incorrectly computed when employees or systems base calculations on inaccurate information. When SSA detects an error or obtains accurate information, it corrects the benefits and establishes an overpayment or issues an underpayment. We focused our review on overpayments.

We identified overpayments recorded as being caused by incorrect benefit computations that were greater than $1,000 established in Fiscal Years 2016 through 2019 (October 1, 2015 to September 30, 2019) and reviewed a random sample. We also surveyed SSA employees to gather information about benefit computations and SSA's controls over benefit accuracy.

Results

We estimate SSA could have avoided approximately 73,000 overpayments totaling more than $368 million if it had effective controls over benefit-computation accuracy. SSA's controls did not always ensure the Agency calculated benefits accurately.

SSA's automated systems cannot compute benefit payments due in certain situations, and the Agency does not provide employees a comprehensive tool to use when they must manually calculate benefits. Without adequate automation tools, employees made incorrect benefit calculations, used inaccurate entitlement factors, and made improper manual inputs. Finally, SSA does not regularly identify, track, and analyze quality review data to enable ongoing monitoring of benefit-computation accuracy.

Recommendations

We recommended SSA:

1. Improve Agency systems to automate benefit computations and reduce the need for manual processing.

2. While efforts to improve automation are in process, create an integrated benefit computation resource that is centrally located and includes the functionality and automation assistance offered by existing tools and instruct employees to use it.

3. Enhance metrics tracked through quality reviews to support ongoing monitoring of trends in benefit-computation errors, along with existing targeted case reviews, to help inform future automation initiatives and trainings.

SSA agreed with our recommendations.