



## Accessible Version

April 5, 2019

Nancy A. Berryhill  
Acting Commissioner  
U.S. Social Security Administration  
6401 Security Boulevard  
Windsor Park Building  
Baltimore, MD 21235

### Priority Open Recommendations: Social Security Administration

Dear Acting Commissioner Berryhill:

The purpose of this letter is to provide you with an update on the overall status of the Social Security Administration's (SSA) implementation of GAO's recommendations and to call your continued personal attention to areas where open recommendations should be given high priority.<sup>1</sup> In November 2018, we reported that, on a government-wide basis, 77 percent of our recommendations made 4 years ago were implemented.<sup>2</sup> SSA's recommendation implementation rate was 90 percent. As of March 2019, SSA had 63 open recommendations. Fully implementing these open recommendations could significantly improve SSA's operations.

Since our February 2018 letter, SSA has implemented three of our seven open priority recommendations.

- Consistent with written policy, and to help people make well-informed decisions about when to claim their benefits, SSA took action to ensure its claims specialists knew to provide information to claimants about their monthly retirement benefits and how amounts can vary depending on their age when they start collecting them. This should help older Americans' make well-informed decisions that affect their lifetime benefit amounts and retirement security.
- SSA has developed a plan to include physician-assisted fraud as part of its broader disability fraud risk assessment efforts. This action should help the agency to better identify, and potentially prevent physician-assisted fraud in the future and improve its stewardship of federal funds.
- SSA has begun using quarterly wage data to identify Social Security Disability Insurance (DI) beneficiaries' work activity, including work activity during the 5-month waiting period

<sup>1</sup> Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high risk or fragmentation, overlap, or duplication issue.

<sup>2</sup> GAO, *Performance and Accountability Report: Fiscal Year 2018*, [GAO-19-1SP](#) (Washington, D.C.: Nov. 15, 2018).

for benefits. This should improve SSA's ability to detect and prevent potential DI overpayments due to work activity during the waiting period.

SSA has four priority recommendations remaining from those we identified in our 2018 letter. We ask for your continued attention to these remaining recommendations. (See the enclosure for the list of these recommendations.)

The four priority recommendations fall into the two areas listed below.

### **Reduce Improper Payments.**

There are three priority recommendations in this area. Two were made in July 2015, when we recommended that SSA (1) evaluate alternatives to the agency's current approach for reducing DI overpayments stemming from the concurrent receipt of federal workers' compensation payments and (2) strengthen its internal controls over these DI overpayments by implementing the alternative approach to self-reporting that yields the greatest net benefits. SSA agreed with both of these recommendations but, as of January 2019, SSA had not fully implemented its plans to use Federal Employees' Compensation Act (FECA) data to reduce DI benefits in accordance with federal law or implemented an alternative approach that provides greater net benefits. Doing so would help improve the financial status of the DI program and ensure that SSA does not continue overpaying beneficiaries who may have difficulty repaying debt incurred by SSA's overpayments.

In October 2015, we recommended that SSA develop a timetable for implementing updates to its Debt Management System to (a) align system controls with SSA policy, so that waivers over \$1,000 cannot be administratively waived, and (b) ensure that evidence supporting waiver decisions is sufficiently maintained to allow for subsequent monitoring and oversight. Although SSA implemented the second part of the recommendation, continuing limitations in SSA's Debt Management System could allow staff to administratively approve waivers greater than \$1,000 without review or detection by managers in violation of SSA policy. As of January 2019, SSA reported that it is building a new debt management system, which will include controls to prevent administrative waivers over \$1,000. SSA anticipates these controls, which are tied to broader changes to SSA's debt management system, will be in place in fiscal year 2020. However, until the controls are implemented, SSA will not have assurance that staff are appropriately processing such waivers. In the interim, SSA should consider alternative approaches for preventing inappropriate waivers, such as conducting regular, targeted reviews of administrative waivers over \$1,000 dollars to ensure that they are being processed correctly.

### **Increase Overpayment Recovery.**

In April 2016, we recommended SSA increase the minimum amount that it recoups from overpaid DI beneficiaries from \$10 to 10 percent withholding from their monthly DI benefit amount. This change would increase scheduled collections and reduce the time it will take to fully recover overpayments, while minimizing the effect on beneficiaries receiving the lowest monthly benefits. It would also promote equity in how SSA deals with overpayments across its disability benefit programs. SSA agreed with this recommendation, and stated that it has submitted legislative proposals in the President's fiscal year 2017 - 2019 budgets to establish a minimum withholding for overpayments of 10 percent of a beneficiary's monthly benefit, but these proposals have not yet been enacted. SSA reported that it is also pursuing this change through regulation; however, this effort also remained incomplete as of January 2019.

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As you know, in March, we issued our biennial update to our high risk program, which identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.<sup>3</sup> Our high risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical service to the public.

One of our high risk areas, improving and modernizing federal disability programs, centers directly on SSA. Several other government-wide high-risk areas also have direct implications for SSA and its operations. These include (1) the government-wide security clearance process, (2) ensuring cybersecurity of the nation, (3) improving management of IT acquisitions and operations, (4) managing federal real property, and (5) addressing strategic human capital management. We urge your attention to the SSA and government wide high risk issues as they relate to SSA. Progress on high risk issues has been possible through the concerted actions and efforts of Congress, Office of Management and Budget (OMB), and the leadership and staff in agencies, including within SSA.

Copies of this report are being sent to the Director of the Office of Management and Budget and appropriate congressional committees including the Committees on Appropriations, Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, and Oversight and Reform, House of Representatives. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

I appreciate SSA's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Barbara Bovbjerg, Managing Director, Education, Workforce, and Income Security at [bovbjergb@gao.gov](mailto:bovbjergb@gao.gov) or 202-512-7215. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with your staff on all 63 open recommendations, as well as those additional recommendations in the high-risk areas for which SSA has a leading role. Thank you for your attention to these matters.

Sincerely yours,



Gene L. Dodaro  
Comptroller General  
of the United States

Enclosure

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<sup>3</sup> GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

## Enclosure -- Priority Open Recommendations to SSA

### Reduce Improper Payments

**Disability Insurance: Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation. GAO-15-531. Washington, D.C.: July 8, 2015.**

**Recommendation:** To improve SSA's ability to detect, prevent, and recover potential DI benefit overpayments due to the concurrent receipt of Federal Employees' Compensation Act (FECA) benefits, the Commissioner of Social Security should, in accordance with OMB guidance, compare the costs and benefits of alternatives to SSA's current approach for reducing the potential for overpayments that result from the concurrent receipt of FECA benefits, which relies on beneficiaries to self-report any FECA benefits they receive. These alternatives could include, among others, routinely matching Department of Labor's (DOL) FECA program data with DI program data to detect potential DI overpayments.

**Recommendation:** To improve SSA's ability to detect, prevent, and recover potential DI benefit overpayments due to the concurrent receipt of FECA benefits, the Commissioner of Social Security should strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of FECA benefits by implementing the alternative that provides the greatest net benefits.

**Actions Needed:** SSA agreed with these recommendations. To implement these recommendations, SSA needs to fully implement its plans to use FECA data to reduce DI benefits in accordance with federal law, or implement an alternative approach that provides greater net benefits.

**Director:** Seto Bagdoyan, Forensic Audits and Investigative Service

**Contact information:** [BagdoyanS@gao.gov](mailto:BagdoyanS@gao.gov), (202) 512-6722

**Disability Insurance: SSA Could Do More to Prevent Overpayments or Incorrect Waivers to Beneficiaries. GAO-16-34. Washington, D.C.: October 29, 2015.**

**Recommendation:** To improve compliance with waiver policies, SSA should develop a timetable for implementing updates to its Debt Management System to: (a) align system controls with SSA policy, so that waivers over \$1,000 cannot be administratively waived; and (b) ensure that evidence supporting waiver decisions is sufficiently maintained to allow for subsequent monitoring and oversight.

**Actions Needed:** SSA agreed with this recommendation. In January 2019, SSA reported that it expects to put debt management system controls in place in fiscal year 2020. This is part of a multi-year project that will include functionality to ensure technicians cannot administratively waive overpayments over \$1,000. However, until SSA finalizes changes to its debt management system to align with policy, SSA lacks assurance that staff will appropriately process waivers greater than \$1,000.

**Director:** Elizabeth Curda, Education, Workforce, and Income Security

**Contact information:** [CurdaE@gao.gov](mailto:CurdaE@gao.gov), (202) 512-4040

## Increase Overpayment Recovery

**Disability Insurance: SSA Needs to Better Track Efforts and Evaluate Options to Recover Debt and Deter Potential Fraud. GAO-16-331. Washington, D.C.: April 13, 2016.**

**Recommendation:** To ensure effective and appropriate recovery of DI overpayments and administration of penalties and sanctions, the Acting Commissioner of the Social Security Administration should adjust the minimum withholding rate to 10 percent of monthly DI benefits to allow quicker recovery of debt.

**Actions Needed:** SSA agreed with this recommendation. SSA needs to increase the amount of DI overpayments it recovers by adjusting its minimum benefit withholding rate from \$10 per month to 10 percent of monthly benefits. We reported that this change would result in an additional \$276 million in overpayment debt recovered over a 5-year period.

**Director:** Elizabeth Curda, Education, Workforce, and Income Security

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