



Office *of the* Inspector General
SOCIAL SECURITY ADMINISTRATION

Informational Report

Recovering Title II Overpayments
Made to Childhood Beneficiaries

A-04-16-50110 | July 2016

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: July 21, 2016

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Recovering Title II Overpayments Made to Childhood Beneficiaries (A-04-16-50110)

The attached final report presents the results of the Office of Audit's review. The Office reviewed the Social Security Administration's recovery of Title II overpayments made to childhood beneficiaries and the individuals responsible for repaying the debt.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, at 410-965-9700.


Gale Stallworth Stone

Attachment

Recovering Title II Overpayments Made to Childhood Beneficiaries

A-04-16-50110



July 2016

Office of Audit Report Summary

Background

This report provides information on the Social Security Administration's (SSA) recovery of Title II overpayments made to childhood beneficiaries and the individuals responsible for repaying the debt.

In July 2015, we reported on SSA's collection of Federal debt that was delinquent 10 years or longer. We also discussed that some of these debts belonged to former childhood beneficiaries who protested the withholding of their Federal and State income tax refund to recover a delinquent SSA debt 10-years-old and older. The former childhood beneficiaries stated they did not directly receive the overpaid benefits because they were minors who received auxiliary benefits on a parent's record. A childhood beneficiary also questioned why SSA selected only certain individuals for an income tax withholding when there were multiple auxiliaries on a benefit record. Our prior review found that SSA correctly selected and properly referred the debts to the Department of the Treasury, as allowed under laws and regulations. We also found that SSA selected only qualified debts.

For this review, we identified 76,984 Title II childhood beneficiaries for whom SSA established 113,633 overpayment events when they were minors—under age 18. SSA established these overpayment events between June 1993 and September 2015.

Summary

SSA considers beneficiaries under age 18 as minor children and, with exceptions, will appoint a representative payee to receive and manage their benefits. SSA policy further prohibits children under age 15 from directly receiving benefits. SSA must appoint a representative payee for these children.

Although SSA issues minor children's benefits to a representative payee, generally, overpaid childhood beneficiaries are equally liable for repaying an overpayment. The overpaid person, his/her representative payee, and any other person receiving benefits on the same Social Security record as the overpaid person may be liable for repaying an overpayment. When SSA presumes childhood beneficiaries are equally liable for repaying an overpayment, SSA will use its authorized and available collection tools to recover the debt. These tools include requesting a full, immediate refund; adjusting current and future Social Security benefits; entering into an installment agreement; or recovering delinquent debts through the External Collection Operation process.

Some childhood beneficiaries may not be aware of a prior overpayment until SSA attempts a future collection of the debt. When SSA terminates its collection efforts, it has deemed the debt temporarily unrecoverable, and the overpayment will remain on the benefit record for collection when a future recovery method is available. However, if an individual was a minor when SSA found the overpayment, SSA would have addressed the original overpayment notice to the representative payee. As such, a former childhood beneficiary may not be aware of the debt until SSA attempts to recover the overpayment in the future. SSA generally resumes its collection efforts through its External Collection Operation process, voluntary repayment of the debt, or adjustment of future Social Security benefits.

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ABBREVIATIONS

BIC	Beneficiary Identification Code
C.F.R.	Code of Federal Regulations
ECO	External Collection Operation
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration
U.S.C.	United States Code

BACKGROUND

This report provides information on the Social Security Administration's (SSA) recovery of Title II overpayments made to childhood beneficiaries and the individuals responsible for repaying the debt.

Under Title II of the *Social Security Act*,¹ SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) program to provide monthly benefits to eligible retired and disabled workers, including their dependents and survivors.² With exceptions, the child of an entitled OASDI beneficiary (numberholder) who is dependent on that beneficiary for support, unmarried, and under age 18 may receive benefits as a dependent or survivor.³ A child's entitlement generally ends when the child dies, marries, or attains age 18 and is not disabled or a full-time student.⁴

SSA policy considers beneficiaries under age 18 to be minor children.⁵ SSA generally presumes minor children are incapable of managing or directing the management of their own benefits⁶ and will appoint a representative payee.⁷ Unless the minor child has been legally emancipated,⁸ SSA policy further prohibits children under age 15 from directly receiving benefits.⁹ For these children, SSA must appoint a representative payee to receive and manage their benefits.¹⁰

The benefit amount payable under the OASDI program depends on various factors. SSA requires that beneficiaries, or their representative payees, report information that could affect their entitlement or benefit amount. A change in an OASDI beneficiary's reportable condition may affect the amount of benefits payable to a dependent or survivor. In addition, a change in a

¹ *Social Security Act* § 201 *et seq.*, 42 U.S.C. § 401 *et seq.*

² *Social Security Act* § 202, 42 U.S.C. § 402.

³ 20 C.F.R. § 404.350; SSA, Program Operations Manual System (POMS), RS 00203.001 A (September 9, 2011).

⁴ 20 C.F.R. § 404.352; SSA, POMS, RS 00203.035 (April 19, 2016).

⁵ SSA, POMS, GN 00502.070 A (April 15, 2016).

⁶ SSA, POMS, GN 00502.070 A (April 15, 2016) and GN 00502.010 (February 25, 2003).

⁷ A representative payee may be an individual or organization that will receive and manage an individual's benefits to meet any current or foreseeable needs. SSA, POMS, GN 00602.001 A (March 5, 2002) and GN 00501.013 A (May 12, 2016).

⁸ If a child is emancipated under State law, SSA assumes the child is capable of managing or directing the management of his/her own benefits, unless some other indicator suggests otherwise. SSA, POMS, GN 00502.070 B.1 (April 15, 2016).

⁹ In general, when a child reaches age 15, SSA continues paying the child beneficiary through a representative payee. Under certain conditions, SSA may directly pay a child between ages 15 and 17. SSA, POMS, GN 00502.070 A.1 (April 15, 2016).

¹⁰ SSA, POMS, GN 00502.070 A (April 15, 2016) and GN 00502.005 A (April 15, 2016).

dependent or survivor's circumstances may affect entitlement to childhood benefits. Both situations may result in an overpayment.¹¹

In July 2015, we reported on SSA's collection of Federal debt that was delinquent 10 years or longer.¹² We also discussed that some of these debts belonged to former childhood beneficiaries who protested the withholding of their Federal and State income tax refund to recover a delinquent SSA debt 10-years-old and older. The former childhood beneficiaries objected to the withholdings stating they did not directly receive the overpaid benefits because they were minors receiving auxiliary¹³ benefits on a parent's record. In addition, a former childhood beneficiary questioned why SSA selected only certain individuals for a Federal and/or State income tax withholding when there were multiple auxiliaries on a benefit record. Our prior review found that SSA correctly selected, and properly referred, the delinquent 10-year and older debts to the Department of the Treasury, as allowed under laws and regulations. We also found that SSA selected only qualified debts.

This report provides information on SSA's recovery of Title II childhood debt and the individuals responsible for repaying the debt. We reviewed SSA policies and procedures and overpayment events SSA established when individuals were under age 18.

CHILDHOOD OVERPAYMENTS

Overpayments may occur when delays in reporting or processing a reportable event result in an adjustment, suspension, or termination of benefits. We identified 76,984 Title II childhood beneficiaries for whom SSA had established 113,633 overpayment events while they were minors—under age 18.¹⁴ SSA established these overpayment events between June 1993 and September 2015. Figure 1 shows the cause of the child beneficiaries' overpayments.

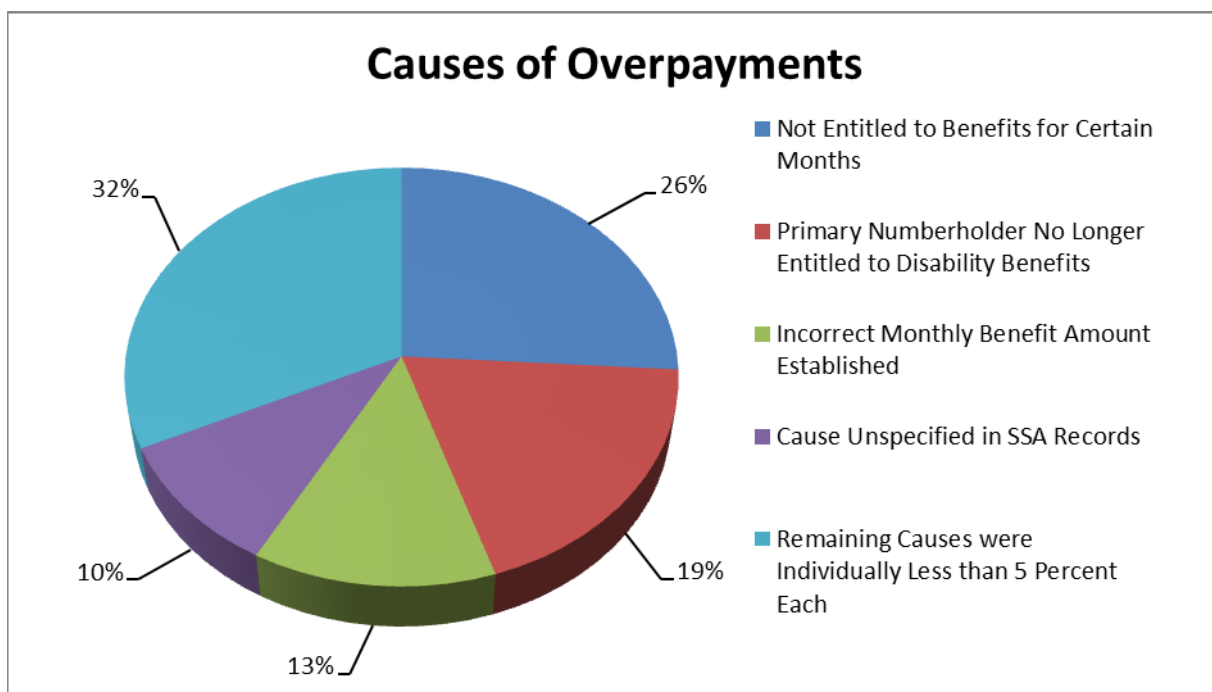
¹¹ An overpayment is the total amount an individual received for any period that exceeds the total amount that should have been paid for that period. SSA, POMS, GN 02201.001 A (July 20, 2010).

¹² SSA OIG, *The Social Security Administration's Use of the Treasury Offset Program* (A-04-14-14104), July 2015.

¹³ Auxiliary beneficiaries are children, widows, spouses, and parents who receive benefits based on another wage earner's Social Security record.

¹⁴ See Appendix A for the scope and methodology.

Figure 1: Causes of Childhood Beneficiaries' Overpayments



Source: SSA benefit and overpayment records.

Below are examples of the events that resulted in overpaid childhood benefits.¹⁵

- In 26 percent of the overpayment events, the childhood beneficiaries were not entitled to benefits for certain months. For example, SSA determined the primary numberholder was overpaid because of his/her work activity, which resulted in the childhood beneficiary being overpaid.
- In 19 percent of the overpayment events, SSA determined the primary numberholder was no longer entitled to disability benefits. For example, because the numberholder could perform substantial work, SSA determined they were no longer entitled to disability benefits based on its disability rules. As a result, the childhood beneficiary was no longer eligible for benefits.
- For 13 percent of the overpayment events, SSA records indicated it established an incorrect benefit amount. For example, because SSA began paying benefits to another person on a benefit record, SSA discovered it overpaid the childhood beneficiary.
- SSA's records did not specify the cause in 10 percent of the overpayment events.
- In the remaining 32 percent of overpayment events, the childhood beneficiary was overpaid for various reasons and were, individually, less than 5 percent each of the total overpayments. Overpayment events that caused a childhood overpayment included incorrect

¹⁵ We did not verify SSA's overpayment decisions or the causes of overpaid childhood benefits. To summarize the causes of overpayments, we relied on the explanations in SSA's benefit and overpayment records.

date of entitlement to benefits, receipt of a duplicate payment, and benefits not payable because the numberholder was receiving a separate payment (such as excess benefits paid after adjusting for the receipt of workers' compensation payments).

CHILDHOOD BENEFICIARIES ARE GENERALLY EQUALLY LIABLE FOR OVERPAID BENEFITS

The *Social Security Act* provides that an overpaid person, his/her representative payee, and any other person receiving benefits on the same Social Security record as the overpaid person are liable for repaying an overpayment.¹⁶ Although SSA issues minor children's benefits to a representative payee, SSA explained that the person it overpaid and their representative payee, if applicable, are both primarily responsible for repayment. However, if recovery from the overpaid person or representative payee is not possible, SSA's priority of adjustment¹⁷ includes withholding all or part of the benefit payable to another individual on the same benefit record—referred to as contingent liability.¹⁸

Our population of overpayment events contained instances in which SSA applied its contingent liability policy.¹⁹ In one event, SSA paid survivors benefits to three childhood beneficiaries under a deceased numberholder's benefit record but later determined one of the three children was no longer entitled to benefits and had been overpaid \$34,008. SSA notified the childhood beneficiary's representative payee of the termination and that it would collect the overpayment from benefits payable to the other two childhood beneficiaries on the same benefit record. SSA fully recovered the overpayment amount from the contingently liable childhood beneficiaries.

SSA POMS states that, in certain situations, SSA will not presume the overpaid childhood beneficiary is equally liable for repaying an overpayment.²⁰ POMS also states that SSA will not presume equal liability if the available facts when SSA discovers the overpayment negate such a presumption.²¹ For example, a childhood beneficiary is not liable when a representative payee misuses benefits, receives benefits after the beneficiary's death, or is overpaid because the

¹⁶ *Social Security Act* § 204, 42 U.S.C. § 404; 20 C.F.R. §404.502; and SSA, POMS, GN 02205.001 A (December 20, 2012).

¹⁷ See Appendix B for a summary of SSA's priority of adjustments to recover an overpayment.

¹⁸ Contingently liable individuals are only liable for an overpayment if SSA cannot recover from the primarily liable person(s). SSA will cease its recovery efforts from a contingently liable individual when the benefits are suspended or terminated, the overpaid person reestablishes eligibility, or SSA grants a waiver of recovery. SSA, POMS, GN 02205.005 A (December 20, 2012) and GN 02210.007 A (October 19, 2010).

¹⁹ For our population, SSA's records showed 1,869 of the overpayment events had a contingent liability action.

²⁰ SSA, POMS, GN 02205.007 D (December 20, 2012).

²¹ Id.

entitled child is no longer in his/her care. In these situations, the representative payee is solely liable for repaying the overpayment.²²

When SSA presumes childhood beneficiaries are equally liable for repaying an overpayment, SSA will use its authorized and available collection tools to recover the overpayment from the childhood beneficiary.²³ These tools include requesting a full, immediate refund; adjusting current and future Social Security benefits; entering into an installment agreement; or recovering delinquent debts through the External Collection Operation (ECO) process.²⁴

SSA records showed it established overpayment events, totaling \$281 million, for the 76,984 overpaid childhood beneficiaries. For some childhood beneficiaries, SSA established multiple overpayment events when the individual was a minor. As illustrated in Table 1, the 113,633 overpayment events were in various stages of recovery.²⁵

- SSA recovered 40 percent of the overpayment events, totaling approximately \$53 million, by adjusting (or withholding) Social Security benefits payable to the childhood beneficiary or benefits payable to a contingently liable individual on the same benefit record. SSA also recovered the debt through installment payments.
- Although SSA established \$101 million in debt for 32 percent of the overpayment events, SSA's recovery status showed it waived²⁶ recovery of the debt or the overpayment event was related to conserved funds.²⁷ SSA closed the other overpayment events because the debt was deleted²⁸ or corrected.
- SSA will attempt to fully recover \$127 million for the remaining 28 percent of overpayment events. As of September 2015, SSA was seeking recovery for 14 percent, and 5 percent was

²² SSA, POMS, GN 02205.007 B, D.3, and E.2 (December 20, 2012); GN 02205.003 B (December 20, 2012); and GN 02210.015 A.4 (February 13, 2012).

²³ We did not determine whether SSA appropriately determined the individual(s) were liable for repaying an overpayment. We relied on SSA's benefit and overpayment records to summarize the methods of overpayment recovery SSA applied against those individuals it deemed liable for repaying overpaid benefits.

²⁴ See Appendix C for additional information on SSA's overpayment recovery tools.

²⁵ We relied on SSA's overpayment records to determine the recovery status for each overpayment event. SSA's overpayment recovery status reflects the most recent recovery effort for the overpayment event.

²⁶ Generally, SSA policy allows field office personnel to waive recovery of an overpayment of OASDI benefits if (1) the person is without fault, and (2) recovery would either defeat the purpose of the OASDI program or be against equity and good conscience. SSA, POMS, GN 02250.001 (October 4, 2005); GN 02250.005 A (October 7, 2014); GN 02250.100 (December 23, 1996); and GN 02250.150 A (September 3, 2015).

²⁷ Conserved funds are the remaining Social Security benefits not used for the beneficiary's immediate or reasonably foreseeable needs. Of the 20,056 overpayment events, 165 were conserved funds and totaled about \$616,389. SSA, POMS, GN 00603.001 A (November 15, 2004).

²⁸ SSA explained it may delete an overpayment event if it erroneously established an overpayment or to reestablish an overpayment event because of an incorrect amount or cause of overpayment.

in due process.²⁹ SSA had temporarily stopped its collection efforts for 9 percent and will resume its recovery efforts when a future method is available.³⁰

Table 1: Overpayment Recovery Status as of September 2015

Overpayment Recovery Status	Number of Childhood Beneficiaries	Number of Overpayment Events	Percent of Overpayment Events	Overpayment Established Amount
Recovered Overpayments				
Benefit Adjustment or Withholding	30,775	39,599	35	\$42,525,793
Installment Payments	5,790	6,141	5	10,490,518
<i>Subtotal</i>		<i>45,740</i>	<i>40</i>	<i>\$53,016,311</i>
Closed Overpayments				
Waived or Transfer of Conserved Funds	16,372	20,056	18	\$61,107,812
Deleted/Corrected	14,751	16,368	14	40,509,285
<i>Subtotal</i>		<i>36,424</i>	<i>32</i>	<i>\$101,617,097</i>
Open Overpayments				
Recovery in Process	14,844	16,035	14	\$72,799,326
Collection Terminated or Suspended	8,991	9,920	9	24,130,418
Due Process	5,011	5,514	5	30,265,935
<i>Subtotal</i>		<i>31,469</i>	<i>28</i>	<i>\$127,195,679</i>
Total		113,633	100	\$281,829,087

Source: SSA benefit and overpayment records.

²⁹ Due process gives the beneficiary the opportunity, within a certain time, to protest recovery of the overpayment and request reconsideration of the fact or amount of the overpayment.

³⁰ SSA may temporarily terminate or suspend its collection efforts. In such cases, SSA deems the debt temporarily unrecoverable and will resume its collection efforts by appropriate and available methods in the future. However, when SSA suspends its collection efforts, it expects to resume recovery within 6 months. SSA, POMS, GN 02215.235 B and C (July 2, 2015).

CHILDHOOD BENEFICIARIES MAY BE UNAWARE OF AN OUTSTANDING OVERPAYMENT

SSA has terminated its collection efforts for 8,980³¹ overpaid childhood beneficiaries who were minors when SSA discovered and established a debt. When SSA terminates its collection efforts, it deems the debt temporarily unrecoverable, and the overpayment will remain on the benefit record for collection when a future recovery method is available.³² For these overpayments, SSA will seek to recover approximately \$21 million in outstanding debt. However, if an individual was a minor when SSA found the overpayment, SSA would have addressed the original overpayment notice to the representative payee.³³ As such, a former childhood beneficiary may not be aware of the debt until SSA attempts to recover the overpayment in the future.

Barring recovery from a jointly or contingently liable individual, the overpaid childhood beneficiary will remain liable for the outstanding overpayment. Per SSA policy, SSA's collection efforts generally resume through its ECO process,³⁴ voluntary repayment of the debt, or adjustment of future Social Security benefits.³⁵ SSA has suspended its use of ECO for overpaid childhood beneficiaries. There may be no subsequent notification of an overpayment until the former childhood beneficiary applies for future Social Security benefits. At that time, SSA will discuss the prior overpayment balance and explain the beneficiary's repayment options as well as his/her right to protest the overpayment and request a waiver of recovery.³⁶

The following example illustrates one childhood beneficiary's overpayment that SSA had terminated its collection efforts but for which it may pursue future recovery. The childhood beneficiary received auxiliary benefits under his father's Social Security record. However, because of the father's employment and workers' compensation payments, SSA determined it had overpaid the father and childhood beneficiary. For the childhood beneficiary, SSA established \$7,428 and \$25,230 overpayments in September 2008 and February 2010,

³¹ For these childhood beneficiaries, SSA had established 9,901 overpayment events. Additionally, SSA records showed 74 of the overpaid childhood beneficiaries as deceased. Table B-1 (see Appendix B) explains how SSA collects overpayments when the beneficiary is deceased.

³² SSA, POMS, GN 02215.235 B.4 (July 2, 2015).

³³ SSA sends an overpayment notice to the mailing address on the benefit record, which is either the representative payee or beneficiary's mailing address. Either the representative payee or the beneficiary will receive the overpayment notice. If the representative payee receives the overpayment notice on the childhood beneficiary's behalf, SSA would not send a copy of the notice to the minor child.

³⁴ Law and regulations provide for SSA to recover delinquent debts through its ECO process. However, SSA's April 2014 and January 2015 directives suspended its referral and collection of delinquent childhood debts through ECO. See Appendix C for additional information on ECO and its overpayment recovery tools.

³⁵ SSA, POMS, GN 02215.235 C.6 (July 2, 2015).

³⁶ SSA, POMS, GN 01010.040 A and D (July 1, 2015).

respectively. The childhood beneficiary was 10- and 11-years-old when SSA found and established the first and second overpayments. Because the childhood beneficiary was a minor, SSA issued the overpaid benefits and addressed the overpayment notice and billing statements to the father, who also served as the child's representative payee.

SSA suspended the child's benefits payable in 2008 and terminated its collection efforts in 2011. However, the \$32,658 overpayment balance remained. In 2014, SSA terminated the child's entitlement to childhood benefits. Because the individual had attained age 18, he would no longer be entitled under the overpaid benefit record. The father was not receiving Social Security benefits, and there were no other contingently liable individuals on the overpaid benefit record. Because of the childhood beneficiary's age when SSA identified and established the overpayment, the individual may not be aware of the outstanding overpayment until he applies for his own benefits. For example, if the individual only applies for early Social Security retirement benefits, it may be 44 more years until SSA resumes its overpayment recovery.³⁷

SUMMARY

In July 2015, we reported on former childhood beneficiaries who protested the withholding of their Federal and State income tax refund to recover a debt delinquent 10 years or longer. The former childhood beneficiaries stated they did not directly receive the overpaid benefits because they were minors receiving auxiliary benefits on a parent's record. A former childhood beneficiary also questioned why SSA selected only certain individuals for a Federal and/or State income tax withholding when there were multiple auxiliaries on a benefit record. Our prior review found that SSA correctly selected and properly referred the debts to the Department of the Treasury, as allowed under laws and regulations. We also found that SSA selected only qualified debts.

POMS and Federal law state overpaid childhood beneficiaries are equally liable for repaying the overpayment. Although SSA issues minor children's benefits to a representative payee, the overpaid person, his/her representative payee, and any other person receiving benefits on the same Social Security record as the overpaid person may be liable for repaying an overpayment. POMS also states that SSA will not presume equal liability if the available facts when SSA discovers the overpayment negate such a presumption. When SSA presumes childhood beneficiaries are equally liable for repayment of an overpayment, it will use its authorized and available collection tools to recover the overpayment from the childhood beneficiary.

³⁷ Although an individual may become entitled to other Social Security benefits or payments, we used an individual's retirement age for illustration purposes. For individuals born in 1960 and later, the age to receive full Social Security retirement benefits is age 67. The earliest possible Social Security retirement age is 62. 20 C.F.R. § 404.409.

However, some childhood beneficiaries may be unaware of a prior overpayment until SSA attempts to collect the debt in the future. When SSA terminates its collection efforts, it has deemed the debt temporarily unrecoverable, and the overpayment will remain on the benefit record for collection when a future recovery method is available. Per SSA policy, resumption of SSA's collection efforts generally occurs through its ECO process, voluntary repayment of the debt, or adjustment of future Social Security benefits. However, if an individual was a minor when SSA found the overpayment, SSA would have addressed the original overpayment notice to the representative payee. As such, a former childhood beneficiary may not be aware of the debt until SSA attempts a future recovery of the overpayment.

A handwritten signature in black ink that reads "Rona Lawson". The signature is written in a cursive, flowing style.

Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

We are issuing this report to provide information on the Social Security Administration’s (SSA) recovery of Title II overpayments made to childhood beneficiaries and the individuals responsible for repaying the debt. To conduct this review, we:

- Reviewed applicable Federal laws and regulations.
- Reviewed SSA policies and procedures related to entitlement to, and payment of, Old-Age, Survivors and Disability Insurance (OASDI) childhood benefits; notification of overpaid Social Security benefits; liability for repayment; and SSA’s internal and external overpayment collection tools.
- Reviewed prior Office of the Inspector General reports.
- Obtained clarification from SSA’s Offices of the Deputy Commissioners for Retirement and Disability Policy; Budget, Finance, Quality, and Management; and Systems.

To identify our population of overpaid childhood beneficiaries and associated overpayment events, we:

- Identified a child beneficiary using the Master Beneficiary Record’s (MBR)¹ beneficiary identification code (BIC) of “C.” We selected BIC-Cs with an MBR Date of Suspension or Termination between January 2010 and June 2015 and an overpayment event established on the MBR’s Recovery of Overpayments, Accounting and Reporting (ROAR).² We further refined our population to capture BIC-Cs who were under age 18 at the MBR’s date of suspension or termination.
- Identified 76,984 childhood beneficiaries meeting our selection criteria for whom SSA established 113,633 overpayment events when the individual was a minor—under age 18.³ SSA established these overpayment events for various reasons. The overpayment events were in various stages of recovery.

¹ SSA establishes an MBR for each OASDI claimant. The MBR maintains pertinent information needed to pay benefits to the claimant and all entitled auxiliaries.

² SSA’s ROAR system controls the recovery and collection activity of OASDI overpayments. The ROAR record contains the cause and amount of the overpayment, individual liable for the debt, actions against the overpayment record, and the status of the overpayment.

³ To determine the childhood beneficiary’s age when SSA established the overpayment event, we identified the ROAR transaction codes that establish the overpayment event and the associated date. We compared the childhood beneficiary’s date of birth on the MBR and ROAR establishment date.

- Used data from all 20 segments of the MBR⁴ and 5 segments of the ROAR⁵ to identify our population of childhood beneficiaries with an overpayment event. Our data file reflects the MBR and ROAR as of September 16, 2015.

For our population of childhood beneficiaries and associated overpayment events, we queried information from the following SSA records and systems to review the Agency's overpayment recovery methods and overpayment notices.

- MBR
- ROAR
- Collection Query section of the MBR
- Online Notice Retrieval System

We relied on information housed in these benefit records and systems. We did not determine the appropriateness of the overpayment decision or verify the accuracy of the overpayment amount. We did not determine whether there were opportunities for overpayment recovery that SSA did not pursue. We identified our population of childhood beneficiaries and associated overpayment events to review how SSA applied its liability and recovery policies and procedures when a minor child was overpaid.

We conducted our review between September 2015 and May 2016 in Atlanta, Georgia. The principle entities reviewed were SSA's Offices of the Deputy Commissioners for Retirement and Disability Policy; Budget, Finance, Quality, and Management; and Systems. We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

⁴ The MBR is divided into 20 segments, with each segment representing 5 percent of all OASDI benefit records.

⁵ The ROAR is divided into 5 segments, with each segment based on the last two-digits of the Social Security number.

Appendix B – THE AGENCY’S PRIORITY OF ADJUSTMENT TO RECOVER AN OVERPAYMENT

Table B–1: The Social Security Administration’s Priority of Adjustment to Recover an Overpayment

Priority of Adjustment	Recovery Action
<i>Overpaid Person is Alive</i>	
Overpaid Person	The Social Security Administration (SSA) will seek a refund from the overpaid individual. If a refund is not possible, SSA will propose withholding any benefit payable to the overpaid person.
Representative Payment	SSA will propose withholding the payment received as a representative payee on the overpaid record.
Contingently Liable Individual – Living in Same Household	If recovery is not possible from the overpaid person or representative payee, SSA will propose withholding the benefits payable to a contingently liable individual living in the same household. SSA will propose an order of adjustment when there are multiple beneficiaries in the same household.
Contingently Liable Individual – Living in a Different Household	If full recovery is not possible from the above individuals, SSA will propose withholding the benefits payable to a contingently liable individual living in a different household. SSA will propose an order of adjustment when there are multiple beneficiaries in a different household.
<i>Overpaid Person is Deceased</i>	
Benefits Due the Beneficiary	SSA will withhold any benefits due the deceased.
Lump-sum Death Payment	SSA will withhold any lump-sum death payment payable on the same earnings record.
Contingently Liable Individual – Living in Same Household	SSA will propose withholding the benefits payable to a contingently liable individual living in the same household or who helped cause the overpayment.
Beneficiary’s Estate	For overpayments of \$3,000 or more, SSA will propose recovery from the beneficiary’s estate.
Contingently Liable Individual – Living in a Different Household	SSA will propose withholding the benefits payable to a contingently liable individual living in a different household.

Source: SSA, Program Operations Manual System, GN 02210.016 (June 14, 2010).

Appendix C – THE AGENCY’S OVERPAYMENT RECOVERY TOOLS

The Social Security Administration (SSA) attempts to fully and immediately recover an Old-Age, Survivors and Disability Insurance (OASDI) overpayment.¹ If a full refund is not possible, SSA may recover an overpayment through other methods, as follows.

- If an overpaid individual is receiving Social Security benefits, SSA may withhold all or part of his/her monthly benefit to repay the overpayment.²
- If an overpaid individual receives a payment from another SSA-administered program, SSA may recover the overpayment by decreasing the amount payable from the other program through cross-program recovery.³
- If an overpaid individual is not due a benefit, SSA may be able to recover the overpayment by withholding all or part of the benefits payable to another individual on the same Social Security record as the overpaid person. This is referred to as contingent liability.⁴
- When benefit withholding is not possible and an overpaid person is unable to make a full refund in a single payment, he/she may enter into an installment agreement to refund the overpayment through monthly installment payments.⁵
- SSA may also settle a debt through a compromise settlement. A compromise occurs when an individual offers to repay a lesser amount than the total amount owed and is relieved of responsibility for the remainder of the debt.⁶
- If SSA issues benefits to a representative payee after an OASDI beneficiary’s death or the representative payee received overpaid benefits before the OASDI beneficiary’s death for which the payee is responsible, SSA may recover the overpayment through its Non-Entitled Debtors program. This program allows SSA to control debts owed by individuals not entitled to Social Security benefits (or Supplemental Security Income payments).^{7,8}

¹ SSA, POMS, GN 02210.150 A (October 16, 2008).

² SSA, POMS, GN 02210.001 (May 7, 2012).

³ SSA, POMS, GN 02210.008 A (April 25, 2013).

⁴ SSA, POMS, GN 02205.005 A (December 20, 2012) and GN 02210.015 A.2 (February 13, 2012).

⁵ SSA, POMS, GN 02210.180 A (April 3, 2007).

⁶ SSA, POMS, GN 02215.100 A (December 13, 2005).

⁷ The Supplemental Security Income program, under Title XVI of the *Social Security Act*, provides payments to eligible individuals with limited income and resources. *Social Security Act* § 1601, *et seq.*, 42 U.S.C. § 1381, *et seq.*

⁸ SSA, POMS, GN 02230.035 (August 19, 2008).

SSA must notify all individuals from whom it will seek recovery of the overpayment. All notifications must include the reason (cause), amount, and months the beneficiary was overpaid. Along with the options to resolve the overpayment, the notice explains the right to request reconsideration of the overpayment determination and waiver of recovery.⁹

SSA's External Collection Operation System

If debts meet certain selection criteria, SSA uses its External Collection Operation (ECO) to refer delinquent debts to the following external collection methods.

- The Treasury Offset Program enables the Department of the Treasury to recover an individual's delinquent debt by offsetting any Federal or State payment due that individual.¹⁰
- Administrative Wage Garnishment is the process whereby SSA orders an employer to withhold amounts each pay period from an employee who owes a debt to the Agency, and the employer pays those amounts to SSA.¹¹
- Federal Salary Offset is the process whereby the employing agency withholds amounts each pay period from a Federal employee who owes a debt to the Agency.¹²
- Credit bureau reporting is the posting of a debt to an individual's credit record. SSA uses credit bureau reporting as a way of influencing a debtor to repay a debt.¹³

Among other selection criteria, for SSA to use these external collection tools, the debtor must be alive and not currently entitled to, or eligible for, benefits; payment on the debt is delinquent; and the debtor was at least age 18 when the debt was established.

In April 2014, SSA suspended its referral and collection of delinquent debts 10 years and older using the ECO process. As of January 2015, SSA had expanded its action to suspend recovery, through the ECO process, of all delinquent childhood beneficiary debts, regardless of the age of the debt. SSA is drafting legislation to restrict the use of ECO in certain cases and is planning to resume collection of delinquent debts in late August 2016.

⁹ SSA, POMS, GN 02201.009 A and B (April 15, 2011).

¹⁰ SSA, POMS, GN 02201.029 A.2 (March 9, 2016).

¹¹ SSA, POMS, GN 02201.040 A.2 (May 25, 2012).

¹² SSA, POMS, GN 02201.043 A.2 (March 9, 2016).

¹³ SSA, POMS, GN 02201.032 A.2 (March 9, 2016).

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