OTHER REPORTING REQUIREMENTS

Payment Integrity

Background

We take seriously our responsibility to ensure eligible individuals receive the benefits to which they are entitled, and to safeguard the integrity of benefit programs to better serve our customers. Our employees work hard to pay the right person the right amount at the right time. Ensuring program stewardship is one of our three agency strategic goals.

Our program integrity workloads are critical to ensuring efficient programs and accurate payments in our Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) (referred to as OASDI when discussing them in combination), Supplemental Security Income (SSI), and Administrative Payments programs. As good stewards of our resources and taxpayer funds, these workloads help ensure eligible individuals timely receive the benefits to which they are entitled and safeguard the integrity of benefit programs by confirming eligibility and preventing fraud. We remain focused on the integrity of our programs, including minimizing improper payments (IP). "Ensure Stewardship of SSA Programs" is a Strategic Goal in our *Agency Strategic Plan for Fiscal Years* (FY) *2022–2026*. Each year, we report IP findings, both overpayments (OP) and underpayments (UP), from our stewardship reviews of the nonmedical aspects of the OASDI and SSI programs. We conduct continuing disability reviews (CDR) to determine whether disability beneficiaries meet the programs' medical criteria. Terminating disability benefits after a CDR does not necessarily mean that the original determination was incorrect; it means the beneficiary's medical condition has improved and the beneficiary no longer meets our definition of disability. Therefore, we consider the benefits received before improvement to be proper.

On March 2, 2020, S. 375, the *Payment Integrity Information Act of 2019* (PIIA) was signed into law. This law changed government-wide IP reporting requirements by repealing and replacing the *Improper Payments Information Act of 2002*, the *Improper Payments Elimination and Recovery Act of 2010*, the *Improper Payments Elimination and Recovery Improvement Act of 2012*, and the *Fraud Reduction and Data Analytics Act of 2015*. On March 5, 2021, the Office of Management and Budget (OMB) published a revised version of OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*, to implement the provisions of PIIA. The goal of the revised version of OMB Circular A-123, Appendix C is to transform the payment integrity compliance framework and create a more comprehensive and meaningful set of requirements to allow agencies to spend less time complying with low-value activities and more time researching the underlying causes of IPs, balancing payment integrity risks and controls, and building the capacity to help prevent IPs.

In accordance with OMB guidelines, we report as improper those payments that resulted 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.

Our Inspector General concluded that the agency was compliant with PIIA in the FY 2022 compliance audit. PIIA requires agencies to review and assess all programs with annual outlays greater than $10,000,000 for IP risk at least once every three years to identify those susceptible to significant IPs. Programs that are not likely to have an annual amount of IPs plus annual unknown payments above the statutory threshold (which is either (a) both 1.5 percent of program outlays and $10,000,000 of all program payments made during the fiscal year, or (b) $100,000,000) are referred to as being in Phase 1. Per this definition, our Administrative Payments program is in Phase 1 for OMB reporting purposes. Our assessment of IP risk in our Administrative Payments program in FY 2021 determined that the program is not susceptible to significant IPs. We will conduct another IP risk assessment of our Administrative Payments program in FY 2024. If a program in Phase 1 determines that it is likely to annually make IPs plus unknown payments above the statutory threshold then the program will move into Phase 2 the following year. Once in Phase 2 a program will have additional requirements such as reporting an annual IP and unknown payment estimate. Our OASDI and SSI programs are in Phase 2 for OMB reporting purposes. Additional information about the IPs, root causes, and corrective actions in our programs can be found on PaymentAccuracy.gov.

A Phase 2 program that reports IPs resulting in monetary loss in excess of $100,000,000 annually is considered a High-Priority program. Our OASDI and SSI programs meet the definition of High-Priority programs. This report provides a summary of our payment integrity activities and results for our High-Priority programs. There were no changes in payment integrity methodology for the reporting period. The information presented in this report complies with the guidance provided in OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*, and OMB Circular No. A-136, *Financial Reporting Requirements*.

Overview

We are committed to ensuring we issue accurate payments to eligible individuals at the right time. We take seriously our responsibilities to ensure eligible individuals receive the benefits to which they are entitled, and to safeguard the integrity of benefit programs to better serve recipients. Our internal quality reviews, which are validated by a third-party auditor, indicate that our FY 2022 OASDI benefit payments were 99.49 percent free of OP, and 99.86 percent were free of UP. For the same year, 91.98 percent of all SSI payments were free of OP, and 98.82 percent were free of UP. FY 2023 data will be available in the summer of FY 2024.

While our payment accuracy rates, including both OPs and UPs, are high, even small error rates add up to substantial IP amounts given the magnitude of the benefits we pay each year. For instance, based on our FY 2022 stewardship reviews, we estimate that we paid over $1.3 trillion in benefit payments. Our combined OPs and UPs for OASDI totaled approximately $8.3 billion.

The combined OPs and UPs for SSI totaled approximately $5.3 billion. With each tenth of a percentage point in payment accuracy representing about $1.3 billion in OASDI and $57.6 million in SSI program outlays, we are focused on combatting the leading causes of IPs and improving program integrity to protect taxpayer dollars.

As good stewards, we seek ways to do business better by addressing the root causes of IPs and improving payment accuracy. We are committed to continually improving the administration of our programs and working to identify and address potential inequities.

OASDI Improper Payments

OASDI Improper Payment Experience

Based on our stewardship reviews, we estimate that we paid approximately $1.3 trillion to OASDI beneficiaries in FY 2022. Of that total, we estimate $6.5 billion were OPs, representing approximately 0.51 percent of outlays. We estimate that UPs during this same period were $1.8 billion, the equivalent of approximately 0.14 percent of outlays. The following table shows our estimated IPs in the OASDI program broken out by OMB's IP cause categories.

OASDI Improper Payments
FY 2022
(Dollars in Millions)

	Dollars	Percent of Outlays
Outlays	$1,269,615.41	
Proper Payments	$1,261,270.79	99.34%
Improper Payments	$8,344.62	0.66%
Overpayments	$6,521.66	0.51%
Within the Agency's Control	$1,619.78	0.13%
Data or Information Needed Does Not Exist	$0.00	0.00%
Inability to Access Data or Information Needed	$0.00	0.00%
Failure to Access Data or Information Needed	$1,619.78	0.13%
Outside the Agency's Control	$4,901.88	0.38%
Data or Information Needed Does Not Exist	$0.00	0.00%
Inability to Access Data or Information Needed	$4,901.88	0.38%
Failure to Access Data or Information Needed	$0.00	0.00%
Non-Monetary Loss Improper Payments	$1,822.96	0.14%
Underpayments	$1,822.96	0.14%
Data or Information Needed Does Not Exist	$0.00	0.00%
Inability to Access Data or Information Needed	$85.27	0.00%
Failure to Access Data or Information Needed	$1,737.69	0.14%
Technically Improper Payments	$0.00	0.00%
Unknown Payments	$0.00	0.00%
Improper Payments + Unknown Payments	$8,344.62	0.66%

Notes:

1. Outlay and IP amounts are for FY 2022. They represent estimated amounts from the annual stewardship reviews and may vary from actual amounts. FY 2023 data will be available in the summer of FY 2024.
2. There may be slight variances in the dollar amounts and percentages reported on PaymentAccuracy.gov due to rounding of source data. We derive percentages from unrounded source data.
3. Totals may not equal the sum of amounts due to rounding.
4. OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement,* defines IP cause categories.

OASDI Improper Payment Causes and Corrective Actions

Our stewardship review findings over the last five years show the major causes of OPs in the OASDI program are relationship and dependency, beneficiaries' employment activity (referred to as substantial gainful activity (SGA)), and errors in computations, accounting for 37, 16, and 11 percent of OASDI OPs, respectively. The major cause of UPs is errors in computations, which accounts for 60 percent of OASDI UPs. OASDI IPs occur due to beneficiaries' failure to report or our failure to update benefits in a timely manner. Below, we discuss corrective actions for these major causes. Additional information about the IPs, root causes, and corrective actions in the OASDI program can be found on PaymentAccuracy.gov.

Relationship and Dependency

Description:

Over the last five years, relationship and dependency errors account for 29 percent of OASDI IPs. Marital standing and child relationship factors are material when determining entitlement to certain auxiliary and survivor benefits. Technicians must establish the existence, duration, and validity of a marriage when the present or former marriage to the insured worker is a factor of entitlement. These errors occur when a beneficiary does not report a marriage, divorce, or remarriage timely.

Payment errors based on relationship and dependency correspond to the following OMB IP cause categories in the FY 2022 OASDI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; and Overpayments/Outside the Agency's Control/Inability to Access Data or Information Needed.

Total projected OP deficiency dollars for FY 2018 through FY 2022: $5.4 billion

Annual average: $1.1 billion

Corrective Actions:

We base corrective actions on stewardship findings.[1] Prior to FY 2022, marital status and relationship deficiencies were not the leading cause of OASDI overpayments. We are currently looking for opportunities to remind the public to report changes that could affect their eligibility, specifically changes in their marital status and relationship.

Computations

Description:

Over the last five years, errors in our computations account for 21 percent of OASDI IPs. We determine a person's benefit amount based on several factors, including age, earnings history, and the type of benefit awarded. Windfall Elimination Provision (WEP) computations also result

[1] Our stewardship reviews assess the accuracy of benefit payments. The findings inform the agency's corrective action plans to reduce IPs.

in IPs. Inaccurate information and administrative mistakes can cause errors in calculating benefits.

Payment errors based on computations correspond to the following OMB IP cause categories in the FY 2022 OASDI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; Overpayments/Outside the Agency's Control/Inability to Access Data or Information Needed; and Underpayments/Failure to Access Data or Information Needed.

Total projected OP and UP deficiency dollars for FY 2018 through FY 2022: $4.0 billion

Annual average: $0.8 billion

Corrective Actions:

We are taking the following actions to address IPs related to computations:

- **Robotic Processing Automation - BOTs**: In FY 2021, we pursued a contract with UIPath software, to create automated "robotic" programs that will perform routine or repetitive tasks. Robotic Processing Automation (RPA), or "BOTs," are available to Processing Center technicians to assist with processing manual awards or post-entitlement actions. Since January 2021, six BOTs have been created and placed into production. Use of the BOTs reduces keystrokes and manual coding and detects exceptions and alerts before they occur. In FY 2024, we plan to enhance the existing RPA scripts and begin development and implementation of a series of BOTs that will automate computations and input of complex and error prone windfall offset payments. We are making a long-term investment in robotics technology and using the software to improve business processes and eliminate manual actions.
- **Comprehensive Corrective Action Plan for Windfall Elimination Provision and Government Pension Offset**: WEP applies when the wage earner receives Social Security retirement or disability benefits, and is entitled to a pension based on non-covered work. Non-covered pensions are paid by employers that do not withhold Social Security taxes and may be based on earnings from employment in the United States or another country.

  The Government Pension Offset (GPO) provision adjusts Social Security spouses or widow(er)'s benefits for those who receive a non-covered pension from a Federal, State, or local government in the United States. When GPO applies, the Social Security monthly benefit amount is reduced by two-thirds of the amount of the non-covered government pension.

  We developed a comprehensive corrective action plan to address multiple underlying causes of WEP and GPO IPs. We formed a cross-agency work group to review all Office of the Inspector General (OIG) and internal studies to compile a comprehensive list of recommended changes in WEP and GPO implementation. We assessed the root causes of IPs based on these changes and developed policy, data, systems, and training solutions in line with each of the root causes of IPs. We developed a logic model framework to measure the effectiveness of completed corrective action that includes establishing benchmarks to evaluate the corrective actions, assessing the impact, if possible, and determining whether additional mitigation activities are necessary. Since FY 2017, there has been a significant reduction in IPs related to WEP and GPO. In July 2023, we added the WEP/GPO calculator to the SSA.gov website. However, we continue to assert that the complexity of our program makes it extremely challenging to isolate the effects of a particular corrective action.

Substantial Gainful Activity

Description:

SGA is continuously a leading cause of OPs in the OASDI program, accounting for 13 percent of OASDI IPs over the last five years. When disability beneficiaries work, several factors determine whether they remain eligible for monthly benefits. Beneficiaries' failure to report earnings in a timely manner accounts for 82 percent of SGA-related IPs and our failure to take the proper actions to process work reports accounts for the remainder.

Payment errors based on SGA correspond to the following OMB IP cause categories in the FY 2022 OASDI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; and Overpayments/Outside the Agency's Control/Inability to Access Data or Information Needed.

Total projected OP deficiency dollars for FY 2018 through FY 2022: $2.4 billion

Annual average: $0.5 billion

Corrective Actions:

We are exploring administrative actions that will make it easier for beneficiaries and employers to report wages, as well as ways we can obtain real time wage data to reduce IPs. We are taking the following actions to address IPs related to SGA:

- **Payroll Information Exchange**: To reduce the reliance on self-reporting of wages, we are developing new wage reporting tools, such as an information exchange with commercial payroll data providers authorized by section 824 of the *Bipartisan Budget Act of 2015*, now referred to as the Payroll Information Exchange (PIE). We have completed several phases of pre-implementation development and are drafting a Notice of Proposed Rulemaking with our regulations for the PIE process. We will conduct the exchange and automate PIE data after the final rule (regulation) is established. We will perform ongoing assessments while working towards full implementation.
- **Continuing Disability Review Product**: The CDR Product is a project to streamline the CDR process, increase efficiencies, and reduce IPs for work CDRs. The multifaceted product is comprised of four separate workstreams, across several component business and systems sponsors. In addition to work CDRs, the Product aims to modernize the medical CDR process with the addition of online service options and reduce paper case processing by automating current Electronic Disability Collect System exclusions. In February 2023, CDR product released the *i454* which allows adult beneficiaries with an online option to file the SSA-454 or a Medical CDR Report. When the customer uses

this online version, the technician's process is streamlined and allows for quicker processing. In FY 2024, we plan to release Multiple Pending Claim functionality to the Electronic Disability Collect System, reducing the reliance on paper processing and plan to make the eWork system Multi-Factor Authentication compliant. We are currently beginning development of a modernized version of eWork, which will eventually be integrated into the existing EDCS application and make EDCS available for Field Office technicians.

- **Reporting Responsibilities**: Section 826 of the *Bipartisan Budget Act of 2015* required the Commissioner to establish and implement a system permitting DI beneficiaries to report their earnings electronically. Our myWageReport (myWR) online application allows DI beneficiaries, SSI recipients, concurrent beneficiaries, and representative payees to report wages, and view, print, or save a receipt. DI self-reporters and their representative payees can report wages that occurred within a two-year timeframe from the reporting date. We promote use of myWR on social media with training videos depicting three reporting options: *my* Social Security, SSA Mobile Wage Reporting, and SSI Telephone Wage Reporting.
- **WorkSmart**: WorkSmart is a tool that identifies DI beneficiaries whose earnings put them at risk for being overpaid. We created the Work Smart project to reduce and prevent IPs and complete work CDRs more efficiently by identifying earnings earlier, identifying cases that have earnings above SGA and are still receiving benefits, and prioritizing cases that are most likely to end in an SGA cessation. This helps prevent beneficiaries from building OP debts.

SSI Improper Payments

SSI Improper Payment Experience

Based on our stewardship reviews, we estimate that we paid approximately $57.6 billion to SSI recipients in FY 2022. Of that total, we estimate $4.6 billion were OPs, representing approximately 8.02 percent of outlays. We estimate that UPs during this same period were $0.7 billion, the equivalent of approximately 1.18 percent of outlays. The following table shows our estimated IPs in the SSI program broken out by OMB's IP cause categories.

SSI Improper Payments
FY 2022
(Dollars in Millions)

	Dollars	Percent of Outlays
Outlays	$57,565.84	
Proper Payments	$52,267.10	90.80%
Improper Payments	$5,298.74	9.20%
Overpayments	$4,617.94	8.02%
Within the Agency's Control	$286.57	0.50%
Data or Information Needed Does Not Exist	$0.00	0.00%
Inability to Access Data or Information Needed	$0.00	0.00%
Failure to Access Data or Information Needed	$286.57	0.50%
Outside the Agency's Control	$4,331.38	7.52%
Data or Information Needed Does Not Exist	$344.48	0.60%
Inability to Access Data or Information Needed	$3,986.89	6.93%
Failure to Access Data or Information Needed	$0.00	0.00%
Non-Monetary Loss Improper Payments	$680.80	1.18%
Underpayments	$680.80	1.18%
Data or Information Needed Does Not Exist	$321.77	0.56%
Inability to Access Data or Information Needed	$259.45	0.45%
Failure to Access Data or Information Needed	$99.57	0.17%
Technically Improper Payments	$0.00	0.00%
Unknown Payments	$0.00	0.00%
Improper Payments + Unknown Payments	$5,298.74	9.20%

Notes:

1. Outlay and IP amounts are for FY 2022. They represent estimated amounts from the annual stewardship reviews and may vary from actual amounts. FY 2023 data will be available in the summer of FY 2024.
2. There may be slight variances in the dollar amounts and percentages reported on PaymentAccuracy.gov due to rounding of source data. We derive percentages from unrounded source data.
3. Totals may not equal the sum of amounts due to rounding.
4. OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*, defines IP cause categories.

SSI Improper Payment Causes and Corrective Actions

Our stewardship review findings over the last five years show the major causes of OPs in the SSI program are changes in financial accounts, wages, and in-kind support and maintenance (ISM), which account for 29, 23, and 6 percent of SSI OPs, respectively. The major cause of UPs is changes to ISM, which accounts for 28 percent of SSI UPs. SSI IPs occur due to recipients' failure to report or our failure to update payments in a timely manner. Below, we discuss corrective actions for these major causes. Additional information about the IPs, root causes, and corrective actions in the SSI program can be found on PaymentAccuracy.gov.

Financial Accounts

Description:

The leading cause of SSI IPs is financial accounts with countable resources over the allowable resource limits, accounting for 25 percent of SSI IPs over the last five years. When an applicant, recipient, or deemor has financial accounts with values exceeding the allowable resource limits, these accounts may result in periods of SSI ineligibility.

Payment errors based on financial accounts correspond to the following OMB IP cause category in the FY 2022 SSI Improper Payments table: Overpayments/Outside the Agency's Control/ Inability to Access Data or Information Needed.

Total projected OP deficiency dollars for FY 2018 through FY 2022: $7.5 billion

Annual average: $1.5 billion

Corrective Actions:

We are taking the following actions to address IPs related to financial accounts:

- **Non-medical Redeterminations/Limited Issues**: A non-medical SSI redetermination (RZ) is a complete review of a recipient's or couple's non-medical eligibility factors (resources, income, and living arrangements) to determine whether the recipient or couple has remained eligible since the time of the previous decision, is still eligible for SSI, and has been receiving and will continue to receive the correct SSI payment amount. To ensure the most cost-effective investment of agency resources, we use a predictive model to estimate the likelihood and magnitude of overpayments to select cases for discretionary RZs. Other cases are selected for RZs outside our modeling process based on selected case characteristics, such as manual deeming of income. The RZ process also selects limited issue (LI) reviews, which are reviews of a specific issue or event related to a recipient's or couple's non-medical eligibility factors to determine whether the recipient or couple is still eligible for and receiving the correct SSI payment. In December 2022, we issued guidance on achieving FY 2023 RZ and LI workload goals, with reminders to field offices about best practices and following the order of priority when scheduling RZs and LIs. In FY 2023, we completed more than 2.5 million SSI non-medical RZs and LIs. We plan to process about 2.5 million SSI RZs and LIs in FY 2024.

- **Access to Financial Institutions**: The purpose of Access to Financial Institutions (AFI) is to identify excess resources in financial accounts, which are a leading cause of SSI payment errors. The AFI program uses an electronic process with participating financial institutions to verify bank account balances and detect undisclosed accounts in up to 10 nearby banks. We will be evaluating the benefit to running AFI between the SSI initial application and subsequent eligibility RZs, based on an OIG recommendation.[2] In March 2023, we released Policy in Focus training and issued a frontline broadcast to remind technicians of AFI and SSI financial accounts policy. In August 2023, we published *AM-23048 - SSI Financial Account Verification Reminders* and issued a frontline broadcast to ensure that technicians are reviewing the financial account pages in the SSI claims path for accuracy before adjudicating an event.

- **Logic Model Framework**: We developed a logic model framework to measure the effectiveness of completed corrective actions that includes establishing benchmarks to evaluate the corrective actions, assessing the impact, if possible, and determining whether additional mitigation activities are necessary. We monitor the progress of corrective actions for financial accounts, wages, ISM, death, absence from the United States, and non-home real property (NHRP), which are the leading causes of SSI IPs. In FY 2022, we completed the evaluation for wages and NHRP. In FY 2023, we completed the evaluation of medical CDR cessations and Improving Death Data Processing.

- **Consolidated Claims Experience**: The Consolidated Claims Experience (CCE) is a single-entry point for employees to process all agency benefits. CCE includes eligibility screening, initial claims intake processing and post-entitlement activities. CCE will automate computations, reduce manual actions, assist in the identification of potential or missed entitlements, and include dynamic pathing and policy references within the application. Currently, only SSI is available in CCE with additional claim types (i.e., OASDI and Title 18) to be added in future releases. In FY 2023, there were several CCE releases in the SSI program to improve CCE software performance, correct software problems, and respond to employee feedback.

Wages

Description:

For more than a decade, wage discrepancies have been one of the leading causes of SSI IPs, accounting for 23 percent of SSI IPs over the last 5 years. Wage discrepancies occur when the recipient or their deemor has actual wages that differ from the wage amount we used to calculate the SSI payment, either because the recipient failed to report a change, or we failed to make changes to payments in a timely manner.

Payment errors based on wages correspond to the following OMB IP cause categories in the FY 2022 SSI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; Overpayments/Outside the Agency's Control/Inability to

[2] OIG report "Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022."

Access Data or Information Needed; Underpayments/Inability to Access Data or Information Needed; and Underpayments/Failure to Access Data or Information Needed.

Total projected OP and UP deficiency dollars for FY 2018 through FY 2022: $6.8 billion

Annual average: $1.4 billion

Corrective Actions:

We are taking the following actions to address IPs related to wages:

- **PIE**: Please see our discussion of PIE under Corrective Actions for Substantial Gainful Activity in the OASDI Improper Payment Causes and Corrective Actions section.
- **Non-medical RZs/LIs**: Please see our discussion of non-medical RZs/LIs under Corrective Actions for Financial Accounts in the SSI Improper Payment Causes and Corrective Actions section.
- **SSA Mobile Wage Reporting App**: SSI recipients, deemors, and representative payees may use the SSA Mobile Wage Reporting App (available for download at no cost from Google Play and Apple App) to report wages and ensure payment accuracy. We enhanced the application to offer a more secure method of authentication for application users. We implemented multi-factor authentication in September 2023.
- **Reporting Responsibilities**: We inform SSI recipients and representative payees about their reporting responsibilities through various methods: during interviews, with application and RZ forms, in some award and post-eligibility notices, in check envelope enclosures, and in a booklet that accompanies award notices. Our annual Cost of Living Adjustment notices include reminders about reporting changes that could affect payments and eligibility. In September 2013, we implemented an automated SSI wage reporting reminder for individuals who sign up to receive a monthly email or text message to report wages for the prior month. We promote use of our online wage reporting application, myWR, on social media with training videos including information about the importance of creating a *my* Social Security account; how to submit wages using myWR, SSA Mobile Wage Reporting, or SSI Telephone Wage Reporting; who can report; and reminders on reporting responsibilities. In November 2022, we issued reporting responsibilities reminders to SSI recipients with *my* Social Security accounts. Finally, we engage the advocate community and other third-party groups and organizations to help the us reach more people who depend on our services by emailing Dear Colleague letters. In August 2023, we sent a Dear Colleague letter asking for their assistance in reminding SSI clients on reporting changes in circumstances that may affect their payments.
- **Logic Model Framework**: Please see our discussion of Logic Model Framework under Corrective Actions for Financial Accounts in the SSI Improper Payment Causes and Corrective Actions section.

In-Kind Support and Maintenance

Description:

ISM has been the third-leading cause of OPs and the leading cause of UPs, accounting for 9 percent of SSI IPs over the last five years. When processing initial claims and post-entitlement reviews, we ask questions to help us determine if recipients are paying their share of household expenses. If recipients are not paying their *pro rata* share, we generally count the difference between the *pro rata* share amount and the actual contribution as income to the recipient in the form of ISM. SSI recipients and their representative payees are required to notify the agency when a change occurs in household expenses, contributions, or composition. Failure to report or delays in reporting household changes are the primary causes of OPs and UPs related to ISM. Recipients and representative payees must report ISM changes (e.g., living arrangements) by phone, mail, or in person within ten days after the end of the month when the event happened. Self-reporting is the primary tool we use to obtain information on changes that affect ISM.

Payment errors based on ISM correspond to the following OMB IP cause categories in the FY 2022 SSI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; Overpayments/Outside the Agency's Control/Data or Information Needed Does Not Exist; Underpayments/Data or Information Needed Does Not Exist; and Underpayments/Failure to Access Data or Information Needed.

Total projected OP and UP deficiency dollars for FY 2018 through FY 2022: $2.7 billion

Annual average: $0.5 billion

Corrective Actions:

We are taking the following actions to address IPs related to ISM:

- **Policy Changes**: The process and policies as well as statutory and regulatory requirements to administer ISM are complicated and pose challenges to the administration of our programs. We are working on three regulatory changes to help simplify ISM policies, including:
    - Omitting food from ISM (Notice of Proposed Rule Making (NPRM) published February 2023). The proposed rule would remove food as a source of ISM, so that food assistance received from others does not impact claimants' benefit eligibility and amounts. We also proposed to add conforming language to our definition of income, excluding food from the ISM calculation.
    - Expanding the definition of a Public Assistance Household (NPRM published October 2023). The proposed rule would add the Supplemental Nutrition Assistance Program to the definition of Public Income Maintenance Payments considered for treatment of a public assistance household; if every household member receives one of the specified types of assistance, we assume that other household members need their income to support their own needs and do not subject the SSI claimant to ISM or deeming.

- Expanding the Rental Subsidy Policy for SSI Applicants and Recipients (NPRM published August 2023). The proposed rule would expand a rental subsidy exception in effect in seven States to the whole nation, exempting claimants from ISM if they pay at least one third of their SSI benefit on rent.

- **Logic Model Framework**: Please see our discussion of Logic Model Framework under Corrective Actions for Financial Accounts in the SSI Improper Payment Causes and Corrective Actions section.

Entitlement Reviews and Office of the Inspector General Anti-Fraud Activities

We are committed to improving financial management by preventing fraudulent and IPs (see the Payment Integrity section for more information). Section 206 (g) of the *Social Security Independence and Program Improvements Act*, Public Law 103-296, requires us to report annually on the extent to which we reviewed cases of entitlement to monthly OASI and DI benefits (referred to as OASDI when discussing them in combination) and SSI payments; and the extent to which the cases we reviewed were those that involved a high likelihood or probability of fraud.

Entitlement Reviews

Entitlement reviews help ensure that continued monthly payments are correct. We select cases and undertake reviews, both prior to and after effectuation of payment, to ensure that development procedures and benefit awards are correct.

Due to the Coronavirus Disease 2019 (COVID-19) pandemic, we discontinued all quality assurance samples for the third quarter of FY 2020. For CDRs, we discontinued the sample for the third and fourth quarters of FY 2020. As a result, the initial and reconsideration data include only cases reviewed during the first, second, and fourth quarters of FY 2020. The FY 2020 CDR data include only reviews completed during the first and second quarters of FY 2020. We resumed regular CDR sampling in the first quarter of FY 2021.

We conduct the following major entitlement reviews:

Disability Quality Assurance Reviews

We perform quality assurance reviews of random samples of disability determination services (DDS) determinations to measure our level of accuracy against standards mandated by the regulations. We review initial claims, requests for reconsideration, and determinations of continuing eligibility prior to the effectuation of the DDS determinations. The following table shows the quality assurance accuracy rates for FY 2019 through FY 2023.

Quality Assurance Reviews

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	97.41%	96.87%	96.62%	96.62%	97.23%
Number of cases reviewed	35,076	40,251	40,295	29,588	34,915
Number of cases returned to the DDS offices due to error or inadequate documentation	909	1,259	1,360	1,001	967

DI Pre-Effectuation Reviews

We perform pre-effectuation reviews of favorable DI and concurrent DI/SSI initial and reconsideration determinations using a risk-profiling system to select cases for review. This profiling system helps ensure the cost-effectiveness of pre-effectuation reviews, and it satisfies the legislative requirement that the cases we review are those that are most likely to be incorrect. We also review a sufficient number of CDR continuance determinations to ensure a high level of accuracy in those cases. The following table shows the DI pre-effectuation accuracy rates for FY 2019 through FY 2023.

DI Pre-Effectuation Reviews

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	95.56%	95.03%	94.65%	95.23%	95.26%
Number of cases reviewed	246,318	252,245	238,616	268,569	266,474
Number of cases returned to the DDS offices due to error or inadequate documentation	10,927	12,538	12,761	12,810	12,641

SSI Pre-Effectuation Reviews

We conduct pre-effectuation reviews of favorable SSI initial and reconsideration adult determinations. As in DI cases, we use a profiling system to select cases for review. The following table shows the SSI pre-effectuation accuracy rates for FY 2019 through FY 2023.

SSI Pre-Effectuation Reviews

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Percent of State DDS decisions to allow not returned to the DDS offices for correction	96.66%	96.52%	96.27%	96.07%	96.47%
Number of cases reviewed	84,352	81,333	86,779	94,105	105,729
Number of cases returned to the DDS offices due to error or inadequate documentation	2,820	2,834	3,239	3,696	3,734

Continuing Disability Reviews

We use periodic CDRs to determine whether beneficiaries continue to meet our medical standards for disability. We also conduct a quality review of those decisions. The following table shows the CDR accuracy rates for FY 2019 through FY 2023.

CDR Accuracy

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Overall accuracy	97.2%	96.9%	96.5%	96.8%	96.7%
Continuance accuracy	98.3%	98.1%	97.7%	97.6%	97.9%
Cessation accuracy	93.6%	92.3%	92.3%	93.2%	92.0%

OASDI and SSI Quality Assurance Reviews

Quality assurance reviews assess the accuracy of benefit payments. The following tables show the OASDI and SSI accuracy rates for FY 2019 through FY 2022. Data for FY 2023 are not yet available. We will report the FY 2023 data in our FY 2024 *Agency Financial Report* (AFR).

OASDI Accuracy[1]

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Overpayment accuracy	Data not yet available	99.49%	99.83%	99.83%	99.80%
Underpayment accuracy	Data not yet available	99.86%	99.95%	99.94%	99.95%

SSI Accuracy[1]

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Overpayment accuracy	Data not yet available	91.98%	92.83%	91.24%[2]	91.87%
Underpayment accuracy	Data not yet available	98.82%	98.45%	98.67%	98.72%

Notes:

1. There may be slight variances in the percentages reported on PaymentAccuracy.gov due to rounding of source data. We derive percentages from unrounded source data.
2. The FY 2021 AFR incorrectly stated the FY 2020 SSI overpayment accuracy rate was 91.25% due to a minor issue in the dollar error tabulation formula that was discovered in April 2022. The rate was corrected in the FY 2022 AFR.

SSI Redeterminations

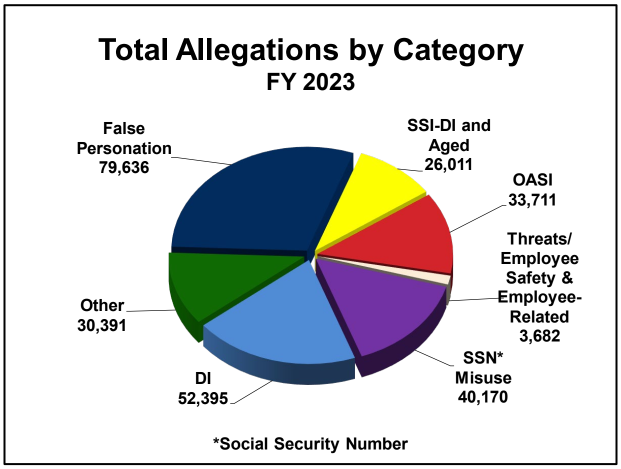
SSI redeterminations are periodic reviews of non-medical factors to ensure that a recipient remains eligible for SSI payments and that we have paid and will continue to pay the recipient the correct amount. The following table shows the number of SSI redeterminations we completed for FY 2019 through FY 2023.

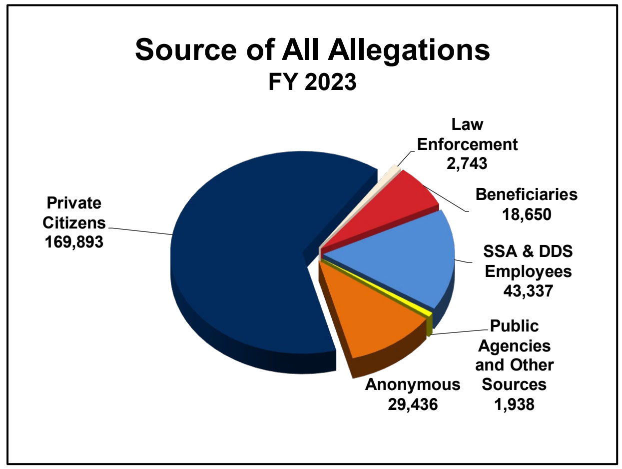
SSI Redeterminations
(In Millions)

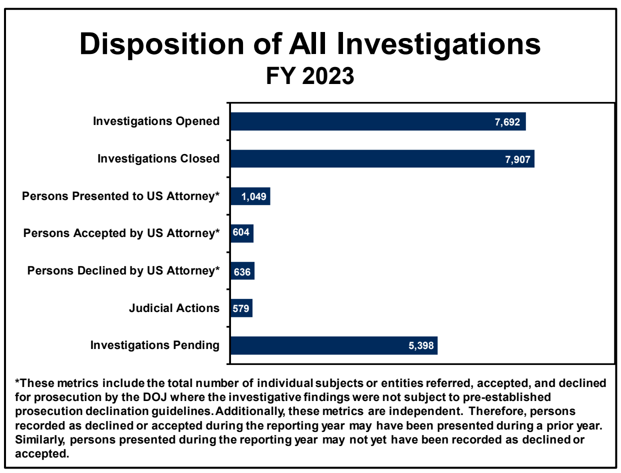
	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Number of redeterminations completed	2.52	2.20	2.37	2.15	2.67

The Office of the Inspector General's Anti-Fraud Activities

In FY 2023, we worked with our OIG, the U.S. Department of Justice, and other government agencies on cases involving fraud, waste, and abuse as part of our fraud detection and prevention program for safeguarding our assets. In FY 2023, as in prior years, OIG received a significant number of imposter scam allegations. The following charts provide information from our OIG concerning fraud and other allegations and cases in FY 2023.[3]







[3] The category of an allegation may change in limited cases during an investigation. Therefore, the numbers reported in the charts may vary slightly from other Agency reporting such as Semiannual Reports to Congress.

Civil Monetary Penalty Adjustment for Inflation

The *Social Security Act* authorizes the Commissioner to impose a civil monetary penalty (CMP) for certain specific violations. Section 1129 of the *Social Security Act* authorizes a CMP against anyone who makes any material false statements or representations to the agency or knowingly withholds a material fact from the agency, to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*. A CMP may also be imposed against representative payees for the wrongful conversion of Social Security payments entrusted to their care.

Section 1140 of the *Social Security Act* (Section 1140) authorizes a CMP to protect the public from advertisements, solicitations, and other communications (including Internet websites, social media activities, and scam telephone calls) that may convey the false impression that we approved, endorsed, or authorized the communication. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without our authorization and places restrictions on the charging for services that we provide to the public without charge. The Commissioner delegated authority to enforce our CMP program to the Inspector General.

The *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* expanded the categories of penalties that require adjustment for inflation to include CMPs under the *Social Security Act* and requires agencies to: (1) use an interim final rulemaking to adjust the level of CMPs in 2016 with an initial "catch-up" adjustment; (2) continue to make annual adjustments in future years; and (3) report on these adjustments annually. As required, we are providing information on our current CMPs; these amounts include the initial "catch-up" and annual adjustments. We will continue to make annual adjustments in future years and report on these adjustments annually.

Civil Monetary Penalty Adjustments

Statutory Authority	Penalty	Year Enacted	Latest Year of Adjustment (via statute or regulation)	Current Penalty Date of Adjustment	Current Penalty Level	Sub-Agency/ Bureau/Unit	Location for Penalty Update Details
Section 206 (b), *Social Security Independence and Program Improvements Act of 1994*, P. L. 103-296, 108 Stat. 1509	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	1994	2023	01/15/2023	$0-$9,966	SSA/OIG	87 Federal Register 80245 (Dec. 2022)
Section 813 (c), *Bipartisan Budget Act of 2015*, P. L. 114-74, 129 Stat. 603	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	2015	2023	01/15/2023	$0-$9,399	SSA/OIG	87 Federal Register 80245 (Dec. 2022)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(1))	1988	2023	01/15/2023	$0-$12,397	SSA/OIG	87 Federal Register 80245 (Dec. 2022)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(2))	1988	2023	01/15/2023	$0-$61,982	SSA/OIG	87 Federal Register 80245 (Dec. 2022)

Biennial Review of User Fee Charges

Summary of Fees

In FY 2022 and FY 2023, we earned $320 million and $324 million in user fees, respectively. This revenue accounted for less than 1 percent of our total financing sources. We derive over 71 percent of user fee revenues from agreements with 20 States and the District of Columbia to administer some or all of the States' supplemental SSI benefits. During FY 2023, we charged a fee of $14.35 per payment for the cost of administering State supplemental SSI payments. This fee will increase to $14.78 for FY 2024. We adjust the user fee annually based on the Consumer Price Index, unless the Commissioner of Social Security determines a different rate is appropriate. We charge full cost for other reimbursable activity, such as earnings record requests from pension funds and individuals.

Biennial Review

The *Chief Financial Officers Act of 1990* requires biennial reviews by Federal agencies of agency fees and other charges imposed for services rendered to individuals as opposed to the American public in general. The objective of these reviews is to identify such activities, charge fees as permitted by law, and periodically adjust these fees to reflect current costs or market value. Based on our FY 2022 review, we identified updates to the uniform standard fee structure for non-programmatic workloads previously implemented in FY 2020. We are planning to perform another review of these fees during FY 2024.

Grants Programs

OMB Circular No. A-136, *Financial Reporting Requirements,* requires agencies to report on Federal grant and cooperative agreement awards that have not yet been closed out and for which the period of performance, including any extensions, elapsed for more than two years. As noted in the following table, we have no such grants or cooperative agreements to report.

The agency has six grant programs monitored by Grants Management Officers (GMO). Each GMO is responsible for monitoring a workload to ensure timely grant closeouts. Although we currently do not have any expired grants that have exceeded the two-year timeframe for closeout, there are occasions when a GMO cannot immediately close a grant. In certain instances, closeout could be delayed by one year.

Grants and Cooperative Agreements Summary

Category	2-3 Years	3-5 Years	More than 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	Not Applicable	Not Applicable	Not Applicable
Number of Grants/Cooperative Agreements with Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable
Total Amount of Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable

Climate-Related Financial Risk

We are committed to climate adaptation and resilience planning to reduce climate change risks and develop new opportunities that climate change may bring, where we can. Our Climate Action Plan (CAP) and FY 2022 CAP Progress Report reaffirms our vision to improve our capacity to assess and build resilience to climate change risks. During our FY 2023 CAP Verbal Progress Report, we identified future priority areas to build resilience to climate change risks. Our CAPs, Sustainability Reports, Scorecards, and other climate and sustainability related reports are available on our Sustainability website.

Budget, Governance, Strategy, Risk Management, and Metrics

The Office of the Chief Financial Officer (OCFO) leads our efforts to strategically plan actions that mitigate climate vulnerabilities and lessen climate-related financial risks at the agency. OCFO works closely with our Chief Sustainability Officer and other internal offices primarily involved in executing our sustainability and climate action programs.

In our CAP, we identified 5 priority adaptation areas of climate change at our delegated facilities, located in 4 of the 10 climate regions identified in the *National Climate Assessment Report*. These priority adaptation areas prepare us for power disruptions, increased flooding in coastal and non-coastal locations, changes in outside air usage, and disruptions and damage to transportation infrastructure. We collaborate with the General Services Administration on climate-related risk decision making for field office relocations (e.g., in the event of a flood), and to assist in monitoring flood plain areas, which may affect our delegated facilities and field offices.

Our financial risk exposure related to climate change mainly concerns the impact of energy usage to cool and heat our delegated sites. We budget for energy use and utilize previous energy usage data to adjust for the upcoming year for our delegated sites. Within each of the five priority areas mentioned above, we potentially face funding challenges if these events take place and affect our operations. These funding challenges include the loss or replacement of facilities, fleet, and information technology equipment, as well as health and safety costs to keep operations active during severe climate-related events.

Debt Collection and Management

Debt Collection

We have a robust debt collection program to recover all types of OPs, which helps ensure eligible individuals receive the benefits to which they are entitled, and it safeguards the integrity of benefit programs to better serve recipients. We use internal debt collection techniques (i.e., payment withholding and billing/follow-up), as well as external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts.

The balance of delinquent debt for all programs is $6.586 billion as of September 30, 2023. In FY 2023, we recovered $4.643 billion using both our internal and external collection tools. Over the last 5 years (FY 2019 through FY 2023), we have collected a total of $20.874 billion. The following tables provide a description of each of our internal and external debt collection techniques for OASDI and SSI OPs, and a summary of the results.

We recognize how critical it is for the public to understand the information we share, including the improper payment notices they receive from us. We are working to simplify our overpayment notices so they are more user-friendly and easier to understand.

Internal Collections

We utilize internal collection tools to recover payments of delinquent debt for individuals currently receiving payments. In FY 2023, we recovered $4.638 billion using our internal collection tools, which accounted for about 99.9 percent of our total collections amount. Over the last 5 years (FY 2019 through FY 2023), we have collected a total of $20.222 billion using our internal collection tools.

We offer individuals opportunities to ask us questions about their debts, request waivers in certain instances, and request alternative payment plans as needed. We continue working on technological improvements to make it easier for recipients to repay debts.

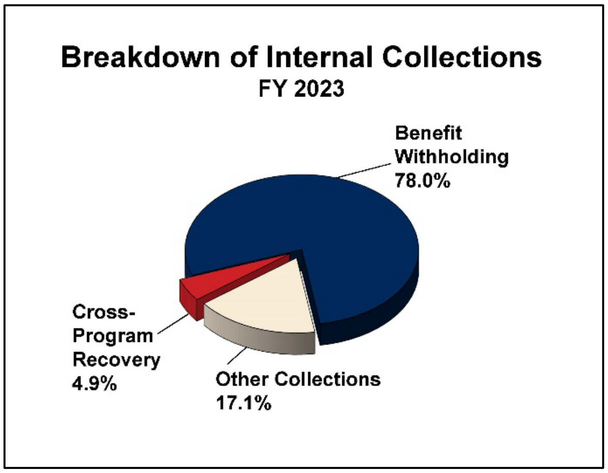
The following table provides a description of each of our internal debt collection techniques for OASDI and SSI OPs, and a summary of the results.

FY 2023 Internal Collections
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total
Benefit Withholding	We withhold some or all benefit payments for OASI and DI beneficiaries and SSI recipients currently receiving payments. Benefit withholding typically accounts for the largest recovery of our total collections amount.	$2.595	$1.025	$3.620
Cross-Program Recovery (CPR)	CPR collects OASDI OPs from monthly SSI payments and UPs, and SSI OPs from monthly OASDI benefit payments and UPs.	$0.025	$0.201	$0.226
Other Collections	These are mostly voluntary payments received because of a notice requesting a refund of an overpayment.	$0.461	$0.331	$0.792
Total Internal Collections	The total amount recovered by utilizing our internal collection tools.	$3.081	$1.557	$4.638

Note: Totals do not necessarily equal the sum of rounded components.

The following chart highlights the allocation of OPs collected in FY 2023 through our various internal collection tools as a proportion of the total $4.638 billion internal collections amount.



External Collections

We utilize external collection tools to recover payments of delinquent debt for beneficiaries and recipients no longer receiving payments. In FY 2023, we recovered $4 million using our external collection tools, which accounted for less than 1 percent of our total collections amount. Over the last 5 years (FY 2019 through FY 2023), we have collected a total of $642 million using our external collection tools.

Due to the COVID-19 pandemic, in March 2020, we suspended using the Treasury Offset Program (TOP). This suspension continued through FY 2023 and resulted in fewer collections through our external recovery methods.

The following table provides a description of each of our external debt collection techniques for OASDI and SSI OPs, and a summary of the results.

FY 2023 External Collections
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total
TOP	TOP allows us to collect delinquent debt by tax refund offset, administrative offset, and Federal salary offset.	$0.000	$0.000	$0.000
Administrative Wage Garnishment (AWG)	AWG allows us to recover delinquent OASDI and SSI OPs by ordering a debtor's employer to garnish up to 15 percent of the debtor's private-sector disposable pay (i.e., that part of a worker's total compensation after deduction of health insurance premiums and required deductions).	$0.004	$0.001	$0.004
Total External Collections	The total amount recovered by utilizing our external collection tools.	$0.004	$0.001	$0.004

Notes:

1. Totals do not necessarily equal the sum of rounded components.
2. We use credit bureau reporting, non-entitled debtors, and automatic netting SSI as external collection tools. Collections derived from these recovery methods are subsets of the main recovery methods displayed in the table above. However, we track these collections for informational and decision-making purposes.

Debt Management

The following two tables provide information on our debt management activities. We calculated the data shown in the tables by using accounts receivable amounts taken directly from the financial statements. We provide notes on activity that affected the change in accounts receivable activity between FY 2022 and FY 2023. We provide definitions of certain line items immediately following the Debt Management Activities Program and Administrative Table. For more information on our effort to curb overpayments, please refer to the Payment Integrity section.

A Title II system design limitation prevents us from capturing and tracking long-term withholding agreements for debts owed by the public scheduled for collection beyond the year 2049. Policy allows for repayment periods based on the ability of beneficiaries to repay on a periodic basis, which allows for the establishment of payment terms that may exceed the expected life span of the beneficiary as we often withhold minimal amounts to avoid imposing undue hardships. We recognize that a portion of this debt owed by the public will prove uncollectible because some plans exceed beneficiaries' expected lifetimes. We estimate that approximately 62,800 debts owed by the public are affected by payment plans extending beyond December 31, 2049. We estimate the total gross value of the post-year 2049 receivable amounts is approximately $761 million as of September 30, 2023. This amount is not material to the consolidated financial statements.

The following tables do not include the amounts related to post-year 2049 debt. Therefore, the Total New Receivables and Total Write-offs are understated. We are working to address the system limitation; however, the accounts receivable balance reported on the financial statements are presented fairly in all material respects.

FY 2023 Quarterly Debt Management Activities
Program and Administrative
(Dollars in Millions)

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Total receivables	$23,154	$23,349	$21,873	$21,486
New receivables	10,049	7,762	4,203	1,906
Total collections	(4,922)	(3,452)	(2,264)	(1,170)
Adjustments	(189)	(69)	(17)	(35)
Total write-offs	(3,355)	(2,462)	(1,620)	(786)
- Waivers	(267)	(198)	(131)	(63)
- Terminations	(3,088)	(2,264)	(1,489)	(723)
Aging schedule of debts:				
- Non delinquent debt	16,567	16,920	15,465	14,896
- Delinquent debt				
- 120 days or less	1,160	1,072	1,063	1,067
- 121 days to 10 years	4,143	4,107	4,129	4,316
- Over 10 years	1,284	1,250	1,216	1,207
- Total delinquent debt	$6,587	$6,429	$6,408	$6,590

Note: The values in this chart represent the cumulative activity as of the end of each quarter.

Debt Management Activities
Program and Administrative
(Dollars in Millions)

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Total receivables	$23,154	$21,571	$20,884	$24,398	$25,834
New receivables	10,049	8,582	9,061	6,332	7,899
Total collections	(4,922)	(4,665)	(4,517)	(4,100)	(4,215)
Adjustments	(189)	56	(617)	(1,129)	(1,431)
Total write-offs[1]	(3,355)	(3,286)	(7,441)	(2,539)	(903)
- Waivers	(267)	(278)	(281)	(260)	(390)
- Terminations	(3,088)	(3,008)	(7,160)	(2,279)	(513)
Non delinquent debt	16,567	15,232	14,833	14,263	14,445
Total delinquent debt	$6,587	$6,339	$6,051	$10,135	$11,389
Percentage Analysis					
% of outstanding debt:					
- Non delinquent	71.6%	70.6%	71.0%	58.5%	55.9%
- Delinquent	28.4%	29.4%	29.0%	41.5%	44.1%
% of debt estimated to be uncollectible[2]	57.3%	57.3%	56.3%	59.2%	45.7%
% of debt collected	21.3%	21.6%	21.6%	16.8%	16.3%
% change in collections from prior fiscal year	5.5%	3.3%	10.2%	-2.7%	5.6%
% change in delinquencies from prior fiscal year	3.9%	4.8%	-40.3%	-11.0%	11.5%
Clearances as a % of total receivables	35.7%	36.9%	57.3%	27.2%	19.8%
- Collections as a % of clearances	59.5%	58.7%	37.8%	61.8%	82.4%
- Write-offs as a % of clearances	40.5%	41.3%	62.2%	38.2%	17.6%
Other Analysis					
Cost to collect $1	$0.08	$0.06	$0.07	$0.06	$0.06
Average number of months to clear receivables:					
- OASI	13	12	13	16	16
- DI	28	30	27	68	45
- SSI	36	45	48	66	49

Notes:

1. Total Write-offs/Terminations – We re-evaluated delinquent and uncollectible debt that we were pursuing, finding them to be largely uncollectible, thereby inefficiently using our processing centers' limited resources. As a result, we wrote-off a portion of our OASI and DI debt during FY 2020 and FY 2021 and wrote-off a portion of our SSI program debt in FY 2021. We developed an automated process to evaluate debt for potential write-offs, which contributed to the write-off values in FY 2021 through FY 2023. The difference between FY 2021 and FY 2020 is primarily the targeted OASI, DI, and SSI write-offs in FY 2021, as both years have incurred write-offs as part of the automated process. By terminating collection activity on uncollectible debt, we are better reflecting current receivables on our financial statements as well as reducing the number of actions from the processing center pending backlog. While this debt is being written-off, it remains available for future collection. We can pursue collection efforts if the debtor becomes entitled to OASDI or SSI benefits.
2. Percentage of Debt Estimated to be Uncollected – Our allowance for doubtful accounts methodology allows for all delinquent debt two years or older at 100 percent. For remaining debt that is not delinquent two years or more, we apply our uncollectible ratios, consistent with previous years. We add the fully allowed delinquent debt two years and

older value to the calculated uncollectible value on the remaining debt to calculate the total allowance for doubtful accounts.

3. Refer to Note 1, Summary of Signification Accounting Policies, and Note 6, Accounts Receivable, Net, in the *Financial Statements and Additional Information* section for more information.
4. Cost to Collect $1 – The increase in administrative cost this year is due to a change in methodology to include full costing (direct and supporting component costs) versus direct-only costing.

Definitions:

1. Adjustments – Program debt adjustments represent: (a) written-off debts, by way of terminations, that we reinstate for collections; (b) changes in debts when we update debtor accounts with new information; and (c) minor differences between reports containing debt information that we use to maintain an ending accounts receivable balance.
2. Waivers – Waivers represent the amount of overpayments forgiven because the overpaid person: (a) is without fault in causing the debt; and (b) recovery would either defeat the purpose of the *Social Security Act* or be against equity and good conscience. Waivers permanently remove debts from our accounts receivable balance, which precludes any further collection efforts.
3. Terminations – Terminations represent our decision to cease our own efforts to collect a debt because: (a) the debtor will not repay the debt or alleges they cannot pay the debt; (b) we cannot locate the debtor after diligent search; or (c) the debt is at least two years delinquent. Even though we terminate internal active collection, we may still use external collection efforts. If the debtor becomes entitled to OASDI benefits or eligible for SSI payments, we reinstate the debt and resume recovery through benefit/payment withholding.
4. Delinquent Debt – A debt is delinquent when no voluntary payment has been made 30 days after the latest of the following: (a) the date we establish an OASDI debt; (b) the date of the initial overpayment notice for an SSI debt; (c) the date of the last voluntary payment; (d) the date of an installment or periodic payment arrangement (if we do not receive a payment); and (e) the date we decide a debtor remains responsible for a debt, in response to a due process action by the debtor.

This page was intentionally left blank.