



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Follow-up on the Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums

012310 September 2024



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 3, 2024

Refer to: 012310

To: Martin O'Malley
Commissioner

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit
as Acting Inspector General

Subject: Follow-up on the Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration timely and accurately processed cases where a beneficiary's Medicare premium was higher than the Agency benefit payment.

If you wish to discuss the final report, please contact me, or have your staff contact Mark Searight, Deputy Assistant Inspector General for Audit.

Attachment

Follow-up on the Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums 012310



September 2024

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) timely and accurately processed cases where a beneficiary's Medicare premium was higher than the SSA benefit payment.

Background

When a Medicare Part B recipient receives a monthly Social Security benefit, SSA deducts the monthly Medicare premium from the benefit. Some individuals' monthly Social Security benefit is lower than the monthly Medicare premium. SSA bills these individuals for the balance of the premium. Each year, SSA uses its Benefit Rate Increase (BRI) program to generate an alert for individuals whose Social Security benefit is lower than their monthly Medicare premium. SSA considers this alert to be a high priority because SSA must bill beneficiaries the remaining Medicare premium as soon as possible and timely issue benefit statements.

In a 2016 report on the *Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums*, we concluded SSA incorrectly calculated the Medicare premium owed for 48 percent of the sampled beneficiaries we reviewed. For this audit, we reviewed a random sample of 100 beneficiaries from a population of 111,976 beneficiaries SSA's BRI program identified in November 2022.

Results

SSA timely processed the cases in our sample; however, it incorrectly processed or calculated the Medicare premium owed for 73 of the 100 beneficiaries we reviewed where their Medicare premium was higher than their SSA benefit payments. This included approximately \$147,000 in processing errors where employees did not correctly credit monthly benefits to Medicare billing information and \$102,000 in payment errors where beneficiaries were not correctly billed for Medicare premiums, which led to overages and arrearages.

Based on the results for our sample, we project SSA did not correctly update records or calculate Medicare premiums owed for approximately 82,000 beneficiaries, which resulted in approximately \$76 million in billing errors and \$91 million in processing errors. These errors included miscalculations, erroneous system inputs, and failure to update beneficiary records correctly. As a result, some beneficiaries paid more than the correct amount for Medicare premiums, while others paid less.

SSA had several regional guides and policies to complete this workload; however, there was no uniform policy guide.

Recommendations

We made three recommendations including that SSA re-evaluate this workload with CMS to determine whether the process can be improved based on the changes in technology and CMS capabilities as well as correct the payment and processing errors we identified in the audit. SSA agreed with the recommendations.

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ABBREVIATIONS

BRI	Benefit Rate Increase
C.F.R.	Code of Federal Regulations
CMS	Centers for Medicare & Medicaid Services
Fed. Reg.	Federal Register
GLPSC	Great Lakes Program Service Center
MOU	Memorandum of Understanding
NEPSC	Northeastern Program Service Center
OIG	Office of the Inspector General
PC	Processing Center
PHUS	Payment History Update System
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code

FORM

SSA Form-1099	<i>Social Security Benefit Statement</i>
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OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) timely and accurately processed cases where a beneficiary's Medicare premium was higher than the SSA benefit payment.

BACKGROUND

When an individual entitled to Medicare Part B receives a monthly Social Security benefit, SSA deducts the monthly Medicare premium from the benefit.¹ However, some individuals' monthly Social Security benefit is lower than the monthly Medicare premium. SSA must bill these individuals for the remaining amount of the Medicare premium. This workload falls under a 1995 Memorandum of Understanding (MOU) between SSA and the Centers for Medicare & Medicaid Services (CMS).² This MOU states SSA will continue performing appropriate support activities associated with collecting Medicare premiums, including coordinating the premium deduction. SSA manually processes this workload to compute premiums due and manually bills a beneficiary and updates their record based on Federal regulation.³ When an individual's Medicare premium is higher than their benefit, the Social Security benefit is reduced to zero, and SSA places the record in suspense. SSA manually sends the remainder of the Medicare premium bill. For all other types of benefit suspense, for example whereabouts unknown, when a beneficiary is also entitled to Medicare, the CMS automatically bills for premiums due. Furthermore, if an individual receives no Social Security benefits but receives Medicare, CMS automatically bills them for the premium amount.

Each November or December, SSA uses its Benefit Rate Increase (BRI) program to generate an alert for individuals whose Social Security benefit is lower than their monthly Medicare premium. SSA considers this alert to be a high priority because SSA must bill beneficiaries the remaining Medicare premium as soon as possible and timely issue an accurate Form SSA-1099, *Social Security Benefit Statements*. SSA usually expects to complete a high percentage of these alerts by February 28 each year.⁴

¹ *Social Security Act* §1840(a)(1); 42 U.S.C. 1395s(a)(1).

² Memorandum of Understanding Between the Social Security Administration and the Health Care Financing Administration, January 6, 1995. Before June 14, 2001, CMS was called the Health Care Financing Administration. 66 Fed. Reg. 39450, pp. 39450 and 39451 (July 31, 2001). In March 1995, SSA was established as an independent agency.

³ 42 C.F.R. §408.63. However, the *Social Security Act* §1840(c); 42 U.S.C. 1395s(c), states "If an individual ... estimates that the amount which will be available for deduction under such subsection for any premium payment period will be less than the amount of the monthly premiums for such period, he may (under regulations) pay to the Secretary such portion of the monthly premiums for such period as he desires." In other words, if the Medicare premium is more than the SSA benefit, the individual pays the Medicare premium to CMS.

⁴ SSA guidance states "By February 28 of each year, [processing centers] anticipate to complete a high percentage of the . . .BRI Alerts. This will result in beneficiaries receiving their Social Security Benefit Statements [Form SSA-1099] in a timely manner." Beneficiaries use this information to prepare their income tax return. SSA, KCNet, *Monthly Benefit Amount Less than Premium* (May 15, 2023).

Prior Audit

In a 2016 report,⁵ we concluded SSA incorrectly calculated the Medicare premium owed for 48 percent of the sampled beneficiaries. We estimated approximately 33,000 beneficiaries paid incorrect amounts, totaling almost \$21.9 million, for Medicare premiums. Therefore, we estimated approximately 6,343 beneficiaries paid incorrect amounts, totaling almost \$3.4 million, for Medicare premiums. We made three recommendations, which SSA agreed to implement.

In our 2016 review, we noted, “SSA has made efforts to reduce the complexity of cases requiring manual calculation of the Medicare premiums owed and limit the number of manual actions that can lead to errors.”⁶ This included tools created in the Mid-Atlantic processing center (PC) to help with case processing. However, none of these tools is listed or linked in a uniform national policy, such as SSA’s Program Operations Manual System. Further, we recommended SSA, “. . . [d]etermine the feasibility of developing automated procedures to limit the number of error-prone actions for cases requiring manual calculation of Medicare premiums.”⁷ We followed up with SSA on whether it had developed more automated processes because of this recommendation. In February 2024, SSA stated it had refined the BRI program to improve the program’s selection of these cases. However, during our current review, we noted over 56 percent of these cases still need some kind of manual employee action to be fully processed.

Additionally, our prior report noted “. . . [t]he number of beneficiaries who have a monthly Social Security benefit lower than the monthly Medicare premium increased 48 percent from 2012 through 2015.”⁸ We reported, in 2015, approximately 84,000 beneficiaries had a monthly Social Security benefit that was lower than the monthly Medicare premium.

⁵ SSA OIG, *Accuracy of the Social Security Administration’s Manual Billing Process to Collect Medicare Premiums*, A-07-16-50135 (September 2016).

⁶ SSA OIG, *Accuracy of the Social Security Administration’s Manual Billing Process to Collect Medicare Premiums*, A-07-16-50135, p. 5 (September 2016).

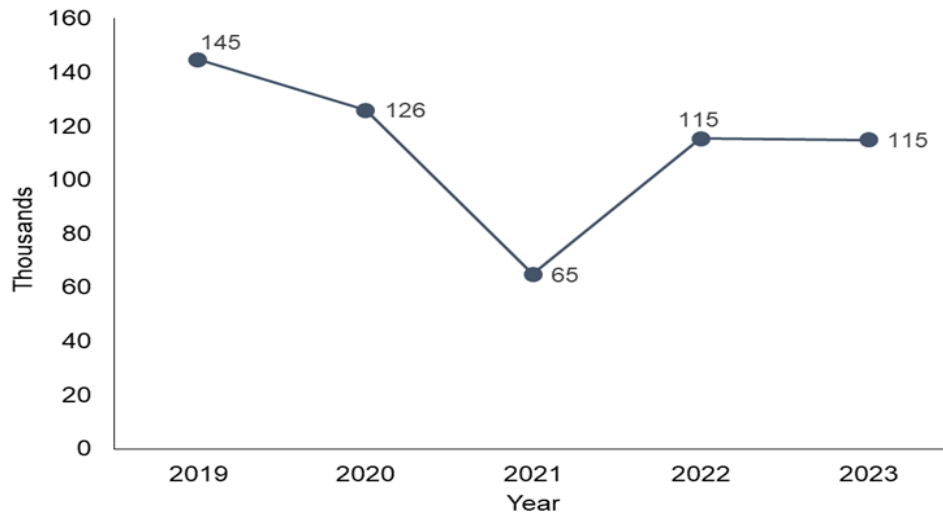
⁷ SSA OIG, *Accuracy of the Social Security Administration’s Manual Billing Process to Collect Medicare Premiums*, A-07-16-50135, p. 6 (September 2016).

⁸ SSA OIG, *Accuracy of the Social Security Administration’s Manual Billing Process to Collect Medicare Premiums*, A-07-16-50135, p. 1 (September 2016).

Workload Volumes

Although the number of beneficiaries decreased during the COVID-19 pandemic and in 2021 (when SSA did not identify all cases to be worked for employees as described in the section on Workload Timeliness), this number had increased since 2021. In 2023, the number of beneficiaries was up to approximately 115,000, a 36-percent increase from 2015, see Figure 1.

Figure 1: Beneficiaries Whose Monthly Medicare Premiums Were Higher Than Their Social Security Payment



Source: SSA, *NEPSC Management Information*, PC Pending and Age Overview Query, February 28, 2024.

Per SSA, the volume of this workload fluctuates each year and is correlated to the cost-of-living adjustment and Medicare premium increases.

Workload Timeliness

Because of a system issue, SSA did not run 60,000 of the Medicare premium workload cases through the initial run of the BRI program in December 2021.⁹ As a result, many beneficiaries did not receive their Form SSA-1099 for Tax Year 2021 timely, which received congressional attention. In March 2022, SSA identified and assigned these cases to the appropriate PC to be addressed. However, this was after the regular February 28 deadline for completing these cases so beneficiaries could receive an accurate Form SSA-1099 to file taxes by the Internal Revenue Service's April deadline. When beneficiaries receive a Form SSA-1099 before April, the number of telephone inquiries to the national 800-Number Network and field offices regarding a missing SSA-1099 significantly decreases.¹⁰

⁹ This system issue occurred because of a one-time system upgrade.

¹⁰ SSA, Technical & Systems Information, j312, *Special Handling Instructions for FY22 Ad Hoc High-Priority LESSDO Cases*, (May 27, 2022).

METHODOLOGY

We reviewed relevant SSA policies and procedures, interviewed SSA subject-matter experts, and reviewed a random sample of 100 beneficiaries from a population of 111,976 Social Security numberholders whom SSA identified when it ran the BRI program to generate alerts. Those alerts indicated the monthly benefit was lower than the Medicare premium in November 2022.

To determine whether SSA worked these cases timely, we determined whether the system upgrade issue that caused the Agency to identify 60,000 BRI alerts late reoccurred in 2022. We determined whether SSA worked our sample cases by its February 28, 2022 deadline.

To determine whether SSA accurately processed these cases, we sampled 100 from the 111,976 and reviewed information in SSA's systems to determine whether the beneficiaries were billed correctly and correctly credited the amount of their monthly benefits toward their Medicare premiums. See Appendix A for more information on our scope and methodology and Appendix B for our sampling methodology.

RESULTS OF REVIEW

SSA timely worked the cases in 2022; however, it incorrectly processed or calculated the Medicare premium owed for 73 of the 100 beneficiaries we reviewed where the Medicare premium was higher than their monthly Social Security benefit.

Payment and Processing Errors

Of the 73 errors we identified, 48 beneficiaries had both payment and processing errors because of SSA actions. The remaining 25 had either a processing error or a payment error but not both. These 73 cases comprised approximately \$147,000 in processing errors where employees did not correctly credit monthly benefits to Medicare billing information and \$102,000 in payment errors where beneficiaries were not correctly billed for Medicare premiums, which led to overages and arrearages.

Based on our sample results, we project SSA did not correctly update records or calculate Medicare premiums owed for approximately 82,000 beneficiaries, which resulted in approximately \$76 million in billing errors and \$91 million in processing errors.¹¹ These errors included miscalculations, erroneous system inputs, and beneficiary records not updated correctly. As a result, some beneficiaries paid more than the correct amount for Medicare premiums, while others paid less.

¹¹ We removed three improper billing error outliers and five processing error outliers from our projections.

SSA considers this workload “among the most labor intensive in the [A]gency.”¹² The workload involves five programs and includes billing and policy issues across SSA, CMS, and the Internal Revenue Service. To process a case, an employee must complete a series of separate manual inputs (see Appendix C for more information). Further, all calculations require that employees correctly compute the amount of benefits withheld and the amount of premiums charged throughout the year. These manual processes and calculations can be complex and error-prone. For example, a beneficiary in Arizona became entitled to benefits in 2015 and was put in suspense because their \$78 monthly benefit amount was lower than their \$105 monthly Medicare premium. This beneficiary’s payment history did not have a credit for monthly benefits for 2018 or 2020. Consequently, the beneficiary was not manually issued a Form-1099 for either of those years. Further, the beneficiary was incorrectly credited twice for monthly benefits for 2022, which led to an incorrect payment history and Form-1099 for that year. This beneficiary was under-credited approximately \$1,400 in monthly benefits toward their Medicare premium balance, which also led to an incorrect payment and an approximately \$60 refund due as of 2023.

We identified a regional training guide that included most scenarios an employee may encounter when they are processing this workload. However, the training was neither linked in all regional intranet sites nor included or discussed in SSA’s Program Operations Manual System for easy access.¹³ For example, of the 100 sampled cases, we identified 15 cases (15 percent) where the Medicare billing history SSA used to calculate premiums owed during the period where benefits were lower than Medicare premiums was incomplete. SSA indicated that, in this scenario, employees should use SSA’s Payment History Update System to identify amounts credited toward a beneficiary’s bill and obtain the complete Medicare query from the specialist that has access if a full remittance query is needed. Reviewing the Payment History Update System does not account for remittances a beneficiary sent during the period an employee was unable to query.¹⁴ We only found one regional policy that covered what an employee should do in this scenario.

Since this workload has increased since our 2016 audit, more Social Security beneficiaries are affected when SSA cannot process these cases properly, which causes some beneficiaries to pay more or less than the correct amount for Medicare premiums.

Of the 100 sampled beneficiaries the BRI program identified in 2022, 86 were also identified during the program run in 2021—demonstrating SSA identifies many of the same beneficiaries from year to year. We are not recommending that SSA review the entire population, since most beneficiaries will be re-identified when the BRI program is run the following year.

¹² SSA, *GLPSC LESSDO Processing Guide*, p. 4 (December 2023).

¹³ SSA, *GLPSC LESSDO Processing Guide* (December 2023).

¹⁴ SSA indicated an employee can request from CMS a specialist a copy of the entire billing period. Per SSA, not all of its employees have access to the query to pull the entire billing period from CMS because the query contains health information that is protected by the *Health Insurance Portability and Accountability Act of 1996*.

Paying the Medicare Premium Directly to the Centers for Medicare & Medicaid Services

After almost 30 years, SSA had not revisited its role in manually processing cases where the Medicare premium was higher than the Agency benefit payment, even as both SSA and CMS had increased automation. According to the 1995 MOU between SSA and CMS, "...each year [CMS] and SSA will jointly establish two areas of improvement for the upcoming reporting period. These areas of focus may address any variety of process improvements, customer service, quality, communications or partnership issues...." We asked SSA for information or documentation related to any reporting period's areas of improvement. SSA responded that none of the components had records of the reports or documentation described in the excerpt of the MOU supporting areas of improvement.

When SSA began processing this workload, SSA and CMS processed much of their work manually. For example, SSA issued paper checks by mail to all beneficiaries. However, SSA and CMS have since moved toward much more automated processes. For example, CMS started the Medicare Easy Pay program in February 2002, where Medicare premiums are withheld by CMS on a monthly basis directly from an individual's bank account or individuals may pay their premium by credit or debit card.¹⁵ However, beneficiaries who are in this type of suspense are ineligible to enroll in Medicare Easy Pay to pay their Medicare premiums and instead go through the manual SSA billing process for this workload. Also, individuals who receive Medicare but who do not also receive Social Security benefits, receive a Medicare premium bill from CMS.¹⁶

For example, a beneficiary in Puerto Rico who was in suspense for having a benefit less than their Medicare premium beginning in 2011, was paying their Medicare premiums quarterly or semi-annually. Based on our review, SSA under-credited their SSA monthly benefits toward their Medicare premiums, which resulted in an incorrect billing record and payment history, and the beneficiary was due a refund for the over-remitted payments. However, if this same beneficiary was being billed directly by CMS, they could have used CMS' Easy Pay process to either have their premium amount deducted directly from their bank account or pay by credit or debit card at their convenience, otherwise avoiding any payment errors caused by SSA employees having to manually adjust their records.

However, separate of the MOU, in May 2024, SSA informed us it was proposing opportunities to collaborate with CMS. One of proposed ideas is to enhance the direct-billing system used to prevent erroneous Medicare Part B refunds to beneficiaries.¹⁷

Since the MOU allows for SSA and CMS to improve on its process, SSA should coordinate with CMS to determine whether process improvements could reduce the manual burden of processing this workload.

¹⁵ CMS, *Medicare Easy Pay*, [medicare.gov/basics/costs/pay-premiums/medicare-easy-pay](https://www.medicare.gov/basics/costs/pay-premiums/medicare-easy-pay) (June 17, 2024).

¹⁶ CMS, *How to Pay Part A & Part B premiums*, [medicare.gov/basics/costs/pay-premiums](https://www.medicare.gov/basics/costs/pay-premiums) (June 17, 2024).

¹⁷ SSA, *SSA/CMS Opportunities for Collaboration*, pp. 3 and 4 (April 25, 2019).

CONCLUSION

If SSA does not work with CMS to improve this program through automation and modernization, it will continue expending work hours to make errors manually processing and calculating these complex cases.

RECOMMENDATIONS

We recommend SSA:

1. Correct the processing or payment errors in our sample that resulted in an overage or arrearage to the beneficiaries or incorrect updates to beneficiary records.
2. Create uniform guidance or policy, providing comprehensive instructions on how to properly process this cyclical workload, possibly using the different training guides already developed by SSA.
3. Re-evaluate this workload with CMS to determine whether the current process can be improved based on the changes in technology and CMS capabilities.

AGENCY COMMENTS

SSA agreed with the recommendations; see Appendix D.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations as well as sections of the Social Security Administration's (SSA) policies and procedures.
- Interviewed SSA staff in the Offices of Retirement and Disability Policy, Chief Information Officer, and Operations to gain additional information about workload updates and issues and updates related to SSA's agreement with Center for Medicare & Medicaid Services (CMS).
- Obtained from SSA a list of 111,976 Social Security numbers for which the Benefit Rate Increase program generated alerts indicating the monthly benefit was lower than the Medicare premium in November 2022. We tested the data by (1) reviewing available management information on national pending work counts within each processing center to obtain a control number for the number of Benefit Rate Increase cases that were pending for fiscal year 2022 and (2) reviewing a sample of cases to determine whether they met our selection criteria for being in suspense for having a monthly benefit lower than their Medicare premium. We concluded the data were sufficiently reliable given the audit objective and intended use of the data. From the 111,976 cases, we:
 - Selected a random sample of 100 beneficiaries for detailed review.
 - Reviewed the Master Beneficiary Record, Payment History Update System (PHUS), and CMS Direct Billing System.
 - Determined whether SSA calculated the correct amount of benefits withheld and the remaining amount the beneficiary owed for the entire period the beneficiary had a benefit amount that was less than the Medicare premium owed.
 - Determined whether the beneficiary paid the correct amount of payments toward premium amounts owed for the entire period the beneficiary had a benefit amount that was less than the Medicare premium owed.
 - Determined whether SSA correctly processed actions for beneficiaries who failed to pay for their Medicare coverage or paid excess amounts.
 - Determined whether cases were processed before SSA's February 28 goal for completing this workload.

See Appendix B for more information on the sample.

- Projected the number of beneficiaries who paid an incorrect amount for Medicare coverage because of SSA calculation errors, along with the corresponding amount owed or to be refunded.
- Projected the number of beneficiaries who had a payment or processing error that resulted in an incorrect payment or an incorrect update to a beneficiary's record.

The principal entity audited was the Office of the Deputy Commissioner for Operations. We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following component and principles as significant to the audit objective.

- Component 1: Control Environment
 - Principal 2: Exercise Oversight and Responsibility
 - Principal 4: Demonstrate Commitment to Competence
- Component 3: Control Activities
 - Principal 10: Design Control Activities
- Component 5: Monitoring
 - Principal 16: Perform Monitoring Activities
 - Principal 17: Evaluate Issues and Remediate Deficiencies

We conducted our audit work from January to May 2024. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

From the Social Security Administration (SSA), we obtained a list of 111,976 Social Security numbers for which the Benefit Rate Increase program generated alerts indicating the monthly benefit was lower than the Medicare premium in November 2022. From this population, we randomly selected a sample of 100 beneficiaries for review.

We used a simple random sample statistical approach. This is a standard statistical approach used for creating a sample from a population completely at random. As a result, each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item has no impact on the selection of other items. Therefore, we were guaranteed to choose a sample that represented the population, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire population under review. Our sampling approach for this review ensures that our reported projections are statistically sound and defensible.

Table B-1: Beneficiary Rate Increase Program Alert Population and Sample Size

Description	Beneficiaries with Alerts
Population	111,976
Sample Size	100

Of the 100 beneficiaries sampled, SSA incorrectly processed or calculated the Medicare premium owed for 73 of the beneficiaries we reviewed who had a monthly benefit lower than their monthly Medicare premium. This included 68 payment errors. Of these, 48 also had processing errors, and 5 were incorrectly processed but did not result in incorrect payments. Based on the results of our sample, we project SSA did not correctly update records or calculate Medicare premiums owed for approximately 82,000 beneficiaries.

Table B-2: Total and Types of Sample Errors and Projections

Description	Total Errors	Payment Error	Processing Error	Payment and Processing Errors
Sample Results	73	68	5	48
Point Estimate	81,742	76,144	5,599	53,748
Projection-Lower Limit	72,496	66,621	2,230	44,139
Projection Upper Limit	89,809	84,747	11,447	63,460
Note: All Statistical Projections are at the 90-percent confidence level.				

These 73 errors included approximately \$147,000 in processing errors where employees did not correctly credit monthly benefits to Medicare billing information and \$102,000 in payment errors where beneficiaries were not correctly billed for Medicare premiums leading to overages and arrearages. Based on our sample results, we project these errors resulted in approximately \$76 million in billing errors and \$91 million in processing errors.

Table B–3: Sample Payment and Processing Error Amounts and Projections

Description	Payment Error Amounts	Processing Error Amounts
Sample Results	\$102,304	\$147,000
Point Estimate	\$75,530,871	\$91,030,241
Projection-Lower Limit	\$51,010,511	\$63,258,834
Projection Upper Limit	\$100,051,231	\$118,801,648

Notes: All Statistical Projections are at the 90-percent confidence level. We removed three improper billing error outliers and five processing error outliers from our projections.

Appendix C – SOCIAL SECURITY ADMINISTRATION BENEFIT LESS THAN MEDICARE PREMIUM DUE WORK PROCESS

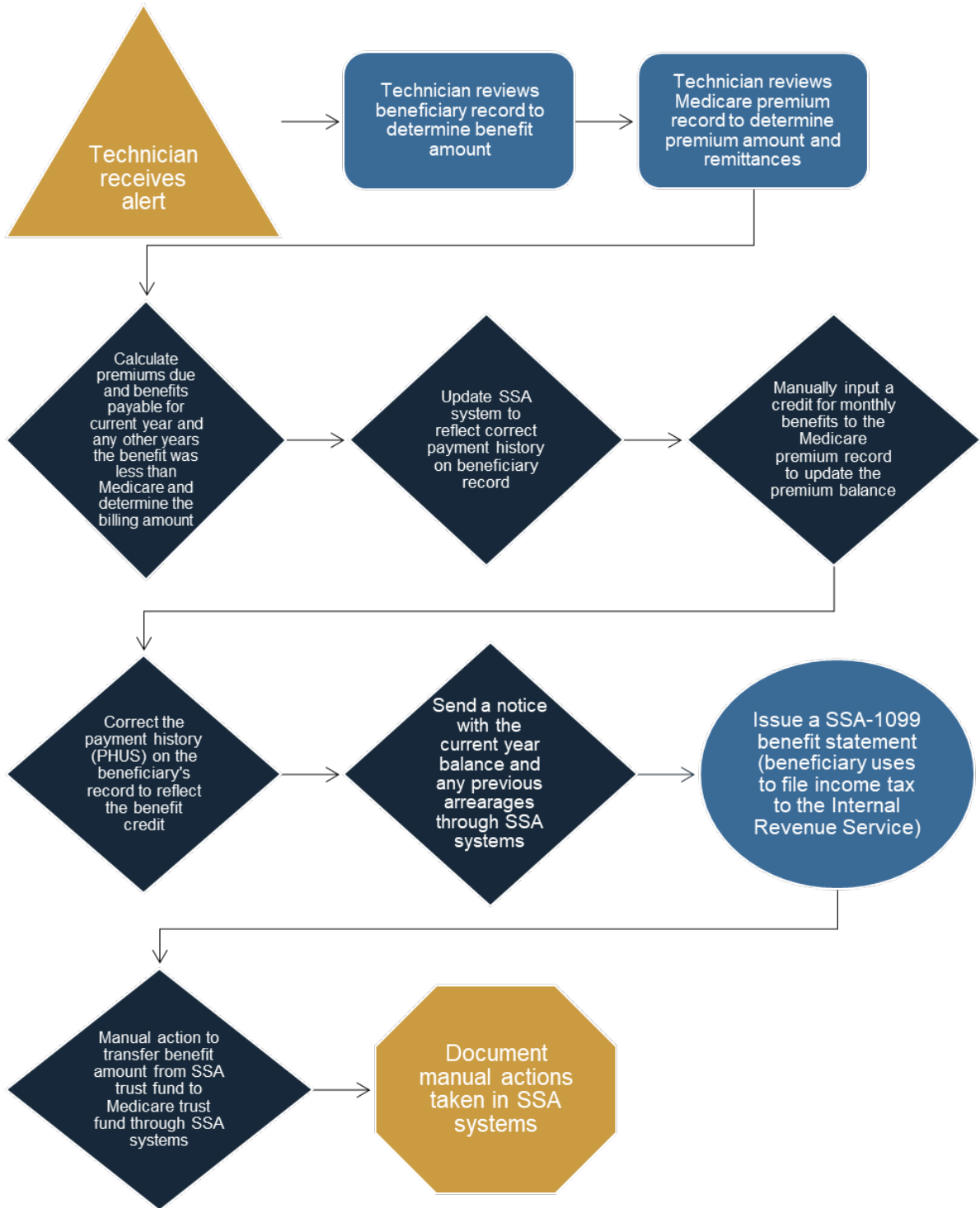
When a beneficiary entitled to Medicare receives a monthly Social Security payment, the Social Security Administration (SSA) deducts the premium from the payment each month. In some instances, the amount of the monthly benefit may be lower than the amount of the monthly premium. Thus, after offsetting the monthly benefit for premium collection, a premium liability remains. The SSA processing center (PC) then bills the beneficiary directly for the remaining balance. The PC bills annually.¹

In addition to updating the Master Beneficiary Record to suspend benefits, PC employees must manually adjust the payment history update system (PHUS) to credit benefits withheld for Medicare premiums. The PHUS is the record of payments made and is used to generate the Form SSA-1099, *Social Security Benefit Statement*, for tax filing purposes. SSA must provide each beneficiary an accurate record of all benefits paid and credited, and all Medicare premiums withheld from benefits. Employees must also manually correct the premium balance due in the Center for Medicare & Medicaid Services' Direct Billing System, which is the official record of the Medicare premium liability, and SSA must ensure the system's accuracy.² Finally, employees must transfer funds from the appropriate payment trust fund into the Supplementary Medical Insurance Trust Fund. This action maintains the integrity of the Trust Fund balances and ensures the Supplementary Medical Insurance Trust Fund is not charged improperly. See Figure C–1 for a flow chart of the manual processes employees must take to update a beneficiary's record whose monthly benefit is less than their Medicare premiums.

¹ SSA, POMS, HI 01001.041, A (November 23, 2022).

² SSA, SMR00850.475, J. (March 2020).

Figure C-1: SSA Benefit Less than Medicare Premium Due Workflow



Source: SSA, *Mid-America Program Service Center LESSDO Processing Guide*, February 29, 2024.

Appendix D – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: August 27, 2024

Refer To: TQA-1

To: Michelle L. H. Anderson
Acting Inspector General

From: Dustin Brown 
Acting Chief of Staff

Subject: Office of the Inspector General Draft Memorandum "Follow-up Review on the Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums" (012310) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations and continue to work on improving the processing of this workload. We identified and corrected the cases omitted due to a technical issue from the 2021 processing run.

Please let me know if I can be of further assistance. You may direct staff inquiries to Hank Amato at (407) 765-9774.



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