



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## *Informational Report*

# Overpayments Assessed in Fiscal Years 2020 Through 2023

062405 | February 2025



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** February 20, 2025

**Refer To:** 062405

**To:** Lee Dudek  
Acting Commissioner

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

**Subject:** Overpayments Assessed in Fiscal Years 2020 Through 2023

The attached final report provides information on overpayments that the Social Security Administration assessed in Fiscal Years 2020 through 2023 and a discussion of why the Agency issued those overpayments.

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

Attachment

## **ABBREVIATIONS**

OASDI	Old-Age, Survivors, and Disability Insurance
POMS	Program Operations Manual System
ROAR	Recovery of Overpayments, Accounting and Reporting
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
U.S.C.	United States Code

## INTRODUCTION

This report summarizes SSA's documented causes for issuing Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) overpayments in Fiscal Years 2020 through 2023.

## BACKGROUND

SSA administers the OASDI and SSI programs under Titles II and XVI of the *Social Security Act*, respectively.<sup>1</sup> OASDI provides benefits to workers and eligible family members when a worker retires, becomes disabled, or dies. SSI provides monthly payments to individuals who are aged, blind, or disabled and meet certain income and resource limits.

Overpayments are made when SSA pays beneficiaries<sup>2</sup> more than it should have paid for a given period. SSA records recovery action for OASDI overpayments in the Recovery of Overpayments, Accounting and Reporting system (ROAR) and SSI overpayments in the Supplemental Security Record (SSR). To track overpayments, SSA inputs a code in the ROAR or SSR that generally describes the reason why it issued each overpayment. In Fiscal Years 2020 through 2023, SSA reported it estimated issuing approximately \$32.8 billion in OASDI and SSI overpayments (see Table 1).

**Table 1: Summary of Estimated Overpayments During Fiscal Years 2020 Through 2023**

	OASDI Overpayments	SSI Overpayments	Total
2020	\$1,813,560,000	\$4,985,850,000	\$6,799,410,000
2021	\$1,972,260,000	\$4,032,520,000	\$6,004,780,000
2022	\$6,521,660,000	\$4,617,940,000	\$11,139,600,000
2023	\$3,259,310,000	\$5,604,970,000	\$8,864,280,000
Total	\$13,566,790,000	\$19,241,280,000	\$32,808,070,000

We obtained SSI and OASDI overpayment data from one payment record segment<sup>3</sup> that SSA assessed during Fiscal Years 2020 through 2023 and summarized the reasons SSA provided for issuing the overpayments.

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<sup>1</sup> *Social Security Act*, §§ 201 and 1601, 42 U.S.C. §§ 401 and 1381.

<sup>2</sup> We use the term beneficiary to refer to both OASDI beneficiaries and SSI recipients.

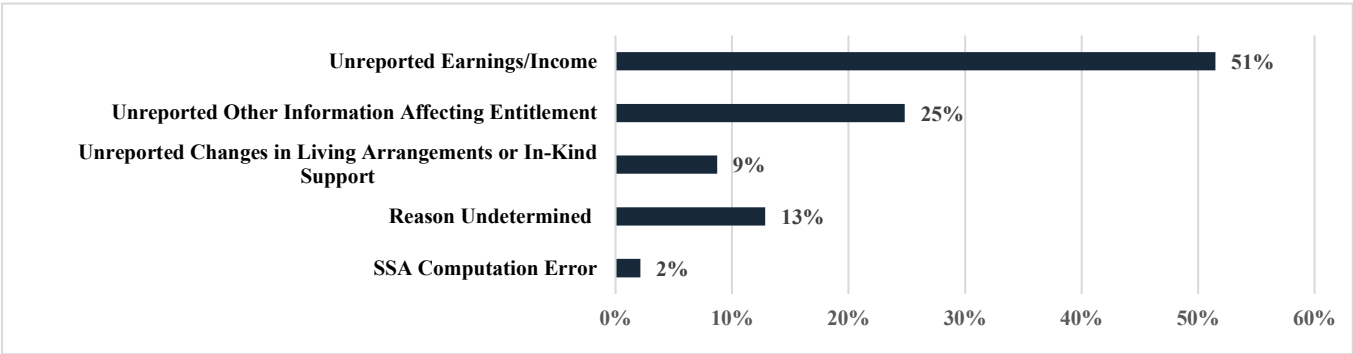
<sup>3</sup> SSA randomly assigns SSNs and categorizes SSNs into 20 separate segments, each containing 5 sequential groups consisting of the SSN's last 2 digits. For example, segment 1 includes all SSNs ending in digits "00" to "04."

# SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS

Beneficiaries are required to promptly<sup>4</sup> report to SSA events such as changes in income, resources and living arrangements, marital status, etc. Beneficiaries’ “failure to report” this information to SSA can affect their eligibility or payment amount and may also include a penalty deduction. SSA uses computer-matching programs to compare its records to those of other Federal agencies, including the Internal Revenue Service, and may check financial institutions.<sup>5</sup> When SSA finds it made an overpayment, SSA can establish and recover the overpayment by making appropriate adjustments to the beneficiary’s future payments.<sup>6</sup>

As summarized on Figure 1, SSA attributed 85 percent of SSI overpayments to recipients who did not timely report information that affected the amount of SSI payments they were eligible to receive. SSA attributed the remaining 15 percent to reason undetermined or computation errors.

Figure 1: Reasons for SSI Overpayments



## Unreported Earnings/Income

SSA attributed 51 percent of SSI overpayments to beneficiaries who did not timely report wages, self-employment, or other income. When SSA subsequently identified the income, it determined the beneficiaries received more in SSI payments than they were eligible to receive and established the overpayments.

## Unreported Other Information

SSA assigned 25 percent of SSI overpayments to a code that consolidated various types of information beneficiaries did not report and that adversely affected their SSI eligibility/payment amount. These reasons included the beneficiaries’ disability cessation, unreported excess resources, incarceration, and residence outside the United States.

<sup>4</sup> SSA requires beneficiaries to report changes within 10 calendar days after the end of the month in which the event or change occurred. SSA Handbook, § 2126.1.

<sup>5</sup> SSA, POMS, SI 00604.108 (January 04, 2024).

<sup>6</sup> Social Security Act, § 1631(b)(1)(A), 42 U.S.C. § 1383 (b)(1)(A).

## Changes in Living Arrangements or In-kind Support

SSA attributed 9 percent of SSI overpayments to the beneficiaries' unreported changes in their living arrangements or their receipt of in-kind support and maintenance. A beneficiary's living arrangement can affect SSI payments if the beneficiary lives in another person's home and pays less than a fair share of the housing costs; someone else pays for part of the beneficiary's food,<sup>7</sup> shelter, or utilities; or the beneficiary is in a hospital, nursing home, or medical treatment facility (for over an entire month and Medicaid pays for over one-half of the cost of the beneficiary's care). When beneficiaries do not timely and accurately report changes in their living arrangements or receipt of in-kind support and maintenance and SSA subsequently becomes aware of the changes, it retroactively recomputes payments and determines whether it issued incorrect amounts.

## Reason Undetermined

SSA attributed 13 percent of SSI overpayments to a code it defined as "reason undetermined." These instances involve multiple factors causing the overpayment, rather than a single event. For example, a recipient's living arrangement and OASDI benefits collectively make the recipient ineligible for SSI and result in an overpayment. If only one of these factors occurred, the recipient would remain eligible for SSI. Since both factors lead to the overpayment and no specific category exists for such combined reasons, SSA classifies the reason for this overpayment as undetermined.

## Agency Computation Error

SSA attributed 2 percent of SSI overpayments to codes indicating the payment errors resulted from SSA computation errors. The code input for most of these overpayments was *Title II Unearned Income*. In these instances, SSA did not consider OASDI benefits when computing SSI payments to beneficiaries concurrently entitled to both OASDI and SSI but should have. When these errors were identified, SSA determined it issued SSI payments in excess of amounts the beneficiaries were eligible to receive.

## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE OVERPAYMENTS

OASDI beneficiaries must inform SSA of changes in their work status, income, or medical condition.<sup>8</sup> Beneficiaries' "failure to report" work status, income, or changes in medical condition can affect their entitlement or payment amount. SSA periodically conducts a Continuing Disability Review to determine whether disability beneficiaries' medical conditions have improved, which affects their continued entitlement to benefits. The schedule for these reviews is based on whether medical improvement is expected, possible, or not expected, which all have different timelines of expected review.<sup>9</sup> A beneficiary can choose to continue receiving benefits while appealing the medical cessation determination. If the appeal is denied, any benefits paid during the appeal period

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<sup>7</sup> SSA omitted food from in-kind support and maintenance calculations effective September 30, 2024. Omitting Food From In-Kind Support and Maintenance Calculations, 89 Fed. Reg. 21199 (March 27, 2024).

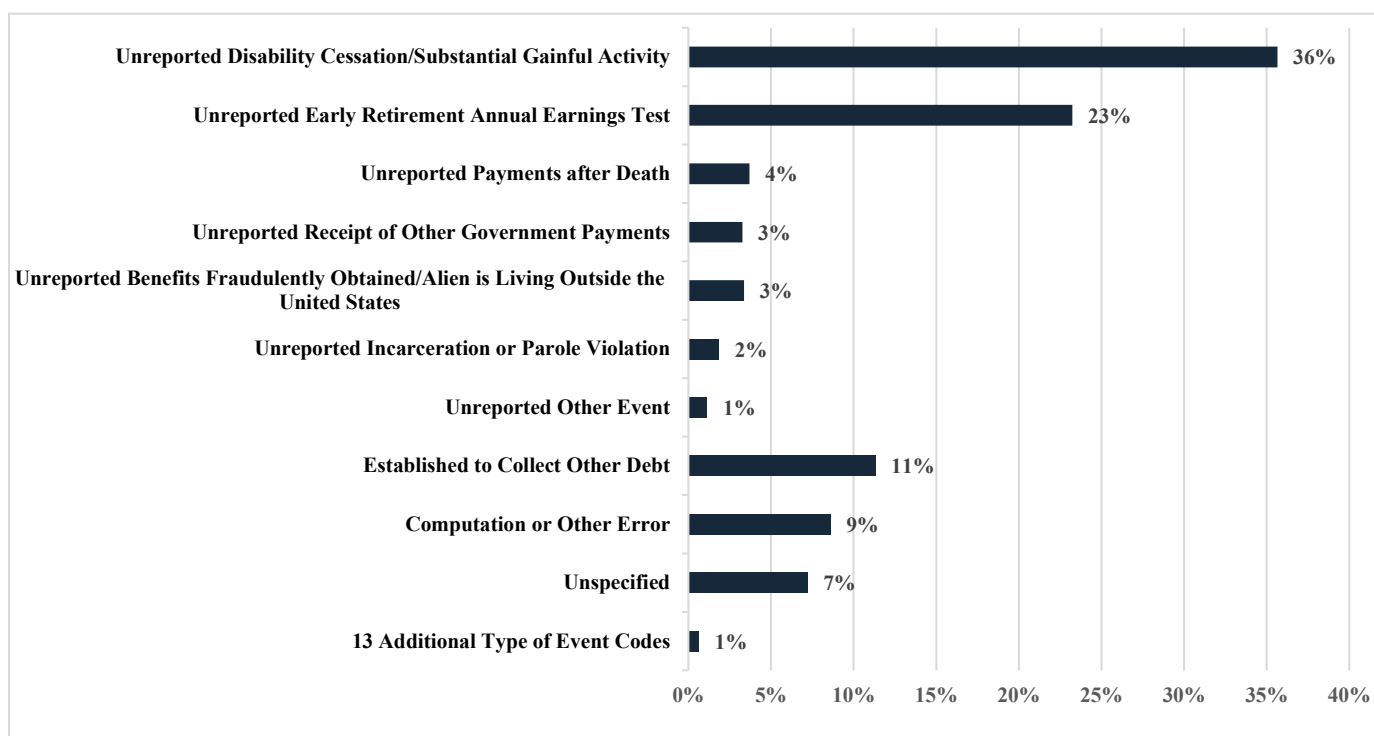
<sup>8</sup> SSA, *POMS*, GN 00203.005 (August 11, 2023).

<sup>9</sup> SSA, *POMS*, DI 28001.020 (August 09, 2023).

are considered overpayments.<sup>10</sup> In addition, retirement beneficiaries who continue to work and elect to receive benefits before they reach full retirement age are subject to an earnings test, and SSA deducts from their benefits a percentage of the income earned over the exempt amount.<sup>11</sup> When SSA determines it paid more than the correct amount, SSA can establish and recover the overpayment by adjusting the beneficiary's future payments.<sup>12</sup>

As summarized on Figure 2, SSA attributed 72 percent of OASDI overpayments to beneficiaries who did not report or timely report information to SSA that negatively affected their benefits. SSA determined the remaining 28 percent occurred due to other reasons.

**Figure 2: Reasons for OASDI Overpayments**



## Disability Cessation/Unreported Substantial Gainful Activity

SSA attributed 36 percent of OASDI overpayments related to cessation of the beneficiaries' disability or performance of substantial gainful activity (SGA).

**Disability Cessation** - When SSA conducts medical and work reviews and determines a beneficiary's disability has ceased, SSA generally terminates their benefits in the month SSA

<sup>10</sup> SSA, POMS, DI 12027.001 (April 20, 2007) and DI 12027.020.C (May 21, 2021).

<sup>11</sup> SSA, POMS, RS 02501.021.B (April 29, 2024).

<sup>12</sup> Social Security Act, § 204(a)(1)(A) 42 U.S.C. § 404.

notifies the beneficiary. SSA establishes an overpayment when it determines that a beneficiary received benefits after their disability had ceased.

**SGA** - To be entitled to disability benefits, a person must be unable to engage in SGA, which SSA defines as the performance of significant physical and/or mental activities in work for pay or profit, or work of a type generally performed for pay or profit.<sup>13</sup> A person who is earning more than a certain monthly amount (net of impairment-related work expenses) is ordinarily considered to be engaging in SGA. To encourage disability beneficiaries to work, beneficiaries are allowed a trial work period where they can return to work and continue receiving disability benefits.<sup>14</sup> However, if they continue performing SGA beyond the trial period and do not report the activity to SSA, the beneficiaries are responsible to repay any overpayments.

## **Annual Earnings Test**

SSA attributed 23 percent of OASDI overpayments to the application of the annual earnings test. Retirement beneficiaries who claim Social Security benefits before they reach their full retirement age but continue to work are subject to an earnings test if their income exceeds established thresholds. SSA deducts \$1 from retirement benefits for every \$2 the beneficiary earned above the earnings limit if the beneficiary is under full retirement age, and deducts \$1 from retirement benefits for every \$3 earned over the earnings limit if the beneficiary is in the year they attain full retirement age. If a beneficiary does not timely report earnings to SSA but SSA subsequently identifies the earnings, SSA adjusts benefits retroactively in the form of an overpayment assessment.

## **Benefits Paid After a Beneficiary's Death**

SSA attributed 4 percent of OASDI overpayments to payments issued after a beneficiary's death or from family members or representative payees who did not timely report the beneficiary's death. SSA identifies and establishes overpayments when it obtains the beneficiary's death information and inputs the death in its records. SSA will recover the overpayment from the deceased beneficiary's representative payee, estate, or the beneficiaries of the estate.<sup>15</sup>

## **Receipt of Other Government Payments**

SSA established 3 percent of OASDI overpayments against beneficiaries who did not timely report they received workers' compensation benefits (2 percent) or government pension payments (1 percent). A beneficiary's receipt of these types of government payments can reduce the amount of their OASDI benefits.<sup>16</sup> When SSA becomes aware of these payments, it retroactively recomputes beneficiary payments and establishes/collects any overpayment.

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<sup>13</sup> SSA, *POMS*, DI 25505.025.A (November 16, 2023) and DI 10501.001 (January 5, 2007).

<sup>14</sup> SSA, *POMS*, DI 13010.035 (June 14, 2024).

<sup>15</sup> SSA, *POMS*, GN 02205.003 (September 08, 2021).

<sup>16</sup> *Social Security Act*, 42 U.S.C. § 202(k)(5).



## Benefits Fraudulently Obtained/Alien Living Outside the United States

SSA established 3 percent of OASDI overpayments against beneficiaries who fraudulently obtained benefits or were noncitizens (also called “alien” for immigration purposes) who did not report to SSA they had been living outside the United States for longer than 6 months. The alien non-payment provisions of the *Social Security Act*<sup>17</sup> provide, in general, that alien beneficiaries outside the United States for 6 consecutive calendar months will not be paid benefits beginning with the 7<sup>th</sup> month of absence, unless the beneficiary meets one of several specific exceptions to the general rule of nonpayment.<sup>18</sup> When an alien beneficiary does not report they live outside the United States and SSA finds they are out of the country over the allowable period, SSA retroactively recomputes the beneficiary’s benefits and identifies/establishes any overpayments.

## Incarceration or Parole Violation

SSA attributed 2 percent of OASDI overpayments to beneficiaries who are incarcerated, have violated parole, or are fugitive felons. SSA is prohibited from making Federal payments to SSA beneficiaries who are incarcerated. SSA does not always receive timely notification when beneficiaries are incarcerated, violate parole, or have outstanding warrants with law enforcement. When SSA obtains this information from law enforcement, it establishes overpayments to recover amounts paid in excess of amounts allowed by law.

## Established to Collect Other Debt

SSA attributed 11 percent of OASDI overpayments to recover beneficiaries’ unpaid SSI debts (cross-program recovery) or to collect amounts owed by family members receiving benefits under beneficiaries’ records (cross-benefit adjustment). For example, SSA can recover a beneficiary’s SSI overpayment by withholding the beneficiary’s monthly OASDI benefits until the overpayment is repaid. If SSA is unable to recover an overpayment from the beneficiary, it can pursue recovery from other individuals receiving benefits on the beneficiary’s earnings record (e.g., a spouse, ex-spouse, or child).

## Computation or Other Error

SSA attributed 9 percent of OASDI overpayments to various computation or other errors. SSA input *Incorrect Computation, Multiple Entitlement, Duplicate Payment, or Incorrect Month of Entitlement* type of event codes for nearly all of these overpayments.

## Unspecified

SSA attributed 7 percent of OASDI overpayments to unspecified causes. SSA input most of these overpayments under two type of event codes: *Other or Consolidated Legally Defined*

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<sup>17</sup> *Social Security Act*, 42 U.S.C. § 202(t).

<sup>18</sup> SSA, *POMS*, RS 02610.010 (October 27, 2023).

*Overpayments and Skeleton Due Process Overpayment of Unspecified Type.*<sup>19</sup> Review of these overpayments indicated they resulted from a variety of issues like the beneficiaries' incarceration or unreported wages.

## **Additional Type of Codes**

SSA established less than 1 percent of OASDI overpayments using 13 additional type of codes.

## **SUMMARY**

SSA has limited access to automated real-time information required to determine beneficiaries' eligibility and payment amounts. Instead, SSA depends on beneficiaries, representative payees, or family members to timely provide this information or receipt of this information, after the fact, from other sources.<sup>20</sup> Without more automated data feeds, SSA will continue to require resources for assessing and pursuing the recovery of billions of dollars in overpayments. This places a burden on SSA by requiring SSA employees to spend valuable time on these processes versus focusing on other workloads and places a burden on beneficiaries who must determine how to pay back the overpayments.

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<sup>19</sup> These overpayments have missing data elements such as beneficiary name, dates of overpayment, date recovery initiated, trust fund indicator, event source, event cause, and/or fraud indicator. SSA should add the missing data in ROAR, if known, to process the overpayment.

<sup>20</sup> SSA published a final rule, effective March 3, 2025, that supports the use of information exchanges with payroll data providers to prevent wage-related improper payments under titles II and XVI of the Act, which can otherwise occur when SSA does not receive timely and accurate wage and employment information. Use of Electronic Payroll Data To Improve Program Administration, 89 Fed. Reg. 107236 (December 31, 2024).

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