



# Office of the Inspector General

## SOCIAL SECURITY ADMINISTRATION

### MEMORANDUM

**Date:** September 29, 2022

**Refer To:** A-06-22-51153

**To:** Gina Clemons  
Deputy Commissioner  
Office of Analytics, Review and Oversight

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

**Re:** Supplemental Security Income Recipients Receiving Social Security Administration Payments in Accounts Outside the United States

We identified 1,504 recipients who received Supplemental Security Income (SSI) payments and/or Old-age, Survivors and Disability Insurance (OASDI) benefits in accounts at financial institutions in Puerto Rico, and 64 SSI recipients who concurrently received OASDI payments in foreign bank accounts via international direct deposit.<sup>1,2</sup> Prior audit work we completed in 2015 indicates nearly half of these recipients are likely ineligible for the SSI payments.<sup>3</sup> Given a recent Supreme Court ruling affirming Congress' authority to exclude residents of Puerto Rico from eligibility for the SSI program<sup>4</sup> and the fact this issue involves a relatively small number of recipients, we have decided that in lieu of a full audit, we are issuing this memorandum to inform the Agency of these cases. The Agency should take action it deems appropriate. We will coordinate with your staff and provide information on these SSI recipients.

### BACKGROUND

Section 1611(f) of the *Social Security Act* states, with limited exceptions, no individual shall be considered eligible for SSI payments for any month throughout which the individual is outside

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<sup>1</sup> We initially identified these cases in May 2022 and determined the recipients remained in current payment status as of August 2022.

<sup>2</sup> Per SSA, *POMS*, GN 02402.201B.3 (June 7, 2022), International Direct Deposit is a joint effort between SSA and the Federal Reserve Bank of Kansas City. To be eligible for international direct deposit, OASDI beneficiaries must reside outside the United States and keep SSA informed of their residence addresses. SSA policy does not define residents of Puerto Rico as residing "outside the United States" for international direct deposit.

<sup>3</sup> SSA OIG, *Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States*, A-06-14-14037 (October 2015). Our review of records for 57 randomly selected recipients indicated that at least 25 (44 percent) were outside the United States for at least 30 consecutive days.

<sup>4</sup> *United States v. Vaello Madero*, 142 S.Ct. 1539 (United States Supreme Court 2022).

the United States.<sup>5</sup> Concurrent beneficiaries are generally entitled to receive OASDI benefits while they are outside the United States; however, SSA should suspend their SSI payments if they leave the country for longer than 30 consecutive days.<sup>6</sup> The “outside the United States” exclusions apply to residents of Puerto Rico.<sup>7</sup>

SSA periodically reviews recipients’ non-medical eligibility factors--income, resources, and living arrangements—to determine whether the recipient is still eligible for, and receiving the correct payment.<sup>8</sup> SSA calls these reviews redeterminations. SSA does not have the resources to conduct redeterminations on all SSI recipients each year, so SSA targets recipients most likely to have a change in circumstances that effects their monthly payment amount. For Fiscal Year 2022, SSA established a goal to complete 2.9 million combined redetermination and limited issue (less than full redetermination) reviews.

The exclusion of Puerto Rico residents from the SSI program was brought into question on February 4, 2019, when the U.S. District Court for the District of Puerto Rico ruled such an exclusion violated the equal protection guarantees of the U.S. Constitution’s Due Process Clause.<sup>9</sup> On April 10, 2020, the U.S. Court of Appeals agreed, affirming the District Court’s findings.<sup>10</sup> However, on April 21, 2022, the Supreme Court settled the issue by overturning the lower court rulings and affirming Congress’ authority to exclude Puerto Rico residents from the SSI program.<sup>11</sup>

## **PAYMENTS DEPOSITED IN PUERTO RICO FINANCIAL INSTITUTIONS**

While individuals who reside in Puerto Rico are not eligible for SSI payments, SSA policy does not prohibit payments being deposited into accounts that recipients established at financial institutions in Puerto Rico.<sup>12</sup> According to SSA, the fact that an SSI payment is direct deposited into a specific bank headquartered in Puerto Rico does not, by itself, indicate the recipient is outside the United States. As a result, when an SSI recipient requests that SSA deposit payments into accounts established at financial institutions in Puerto Rico, the Agency does not initiate a redetermination to confirm the individual’s continued presence in the U.S.

In May 2022, SSA issued \$540,246 to 1,616 SSI recipients with accounts established at financial institutions in Puerto Rico. As of August 2022, 1,504 of these recipients continued

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<sup>5</sup> 42 U.S.C. § 1382(f) et. seq. (also noting two limited exceptions).

<sup>6</sup> 42 U.S.C. § 1382(f)(1).

<sup>7</sup> 42 U.S.C. § 1382c(e) defines the term *United States* to mean the 50 States and the District of Columbia.

<sup>8</sup> SSA, *POMS*, SI 02305.001, A (September 5, 2019).

<sup>9</sup> *United States v. Vaello Madero*, 356 F.Supp. 3d 208 (United States District Court for the District of Puerto Rico 2019).

<sup>10</sup> *United States v. Vaello Madero*, 956 F.3d 12 (United States Court of Appeals 1<sup>st</sup> Circuit 2020).

<sup>11</sup> *United States v. Vaello Madero*, 142 S.Ct. 1539 (United States Supreme Court 2022).

<sup>12</sup> Financial institutions in Puerto Rico and the Virgin Islands are identified by bank routing numbers that begin with “0215,” “0216,” “2215,” or “2216.” We did not identify any recipients receiving SSA payments in accounts established at Virgin Island financial institutions.

receiving SSI payments. SSA had terminated or suspended payments to the other 112 recipients for the reasons summarized in Table 1.

**Table 1: Reasons SSA Stopped Issuing SSI Payments to Recipients Using Accounts Established at Financial Institutions in Puerto Rico**

Reason	Number of Recipients
<b>No Longer in the United States</b>	<b>63</b>
Excess Income or Resources	18
Death	15
<b>Whereabouts Unknown</b>	<b>10</b>
Other	6
Total	112

Highlighted reasons are consistent with the recipient being outside the United States.

During our 2015 audit, we verified that a significant number of recipients receiving SSA payments in accounts at Puerto Rico financial institutions actually resided in Puerto Rico, and were therefore not eligible for the SSI payments.<sup>13</sup> We recommended SSA notify field office staff to investigate when SSI recipients have payments direct deposited into accounts established in Puerto Rico. We also recommended SSA periodically re-verify the SSI recipients' eligibility (residency) status. SSA agreed with our recommendations. Verifying these recipients' residency status<sup>14</sup> could identify and prevent millions of dollars in overpayments.

### **CONCURRENT BENEFICIARIES RECEIVING PAYMENTS THROUGH INTERNATIONAL DIRECT DEPOSIT**

We also identified 75 recipients receiving May 2022 SSI payments at the same time SSA issued them OASDI payments in foreign bank accounts through international direct deposit. A beneficiary must reside outside the United States to be eligible for international direct deposit.<sup>15</sup>

SSA has controls in place to identify these discrepancies. If a concurrent beneficiary's OASDI record shows an address outside the United States, SSA systems should generate a foreign-address alert to notify the appropriate SSA office that the recipient may be outside the United States and therefore ineligible for SSI payments. As of August 2022, SSA had terminated 11 recipients' SSI payments after it confirmed the recipients no longer resided in the United States and established approximately \$43,000 in overpayments on their payment records. In 54 of the 64 remaining cases, SSA systems had generated alerts to inform SSA employees the recipients were residing outside the United States. However, in 35 cases, those alerts remained

<sup>13</sup> SSA, OIG, *Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States*, A-06-14-14037 (October 2015).

<sup>14</sup> Between May 1 and September 12, 2022 (after the Supreme Court decided *United States v. Vaello Madero* on April 21, 2022), SSA had completed redeterminations on 62 of the 1,504 recipients. We did not determine whether SSA personnel performing the redeterminations were aware the recipients received SSA payments in accounts established in Puerto Rico financial institutions.

<sup>15</sup> International direct deposit accounts are identified by bank routing numbers that begin with "5," "6" or "7."

pending since Calendar Year 2021 or earlier. We estimate SSA issued the recipients approximately \$207,000 in improper payments and could avoid an additional \$211,000 in improper payments over 12 months by correcting these errors.

## **CONCLUSION**

To be eligible to receive OASDI payments via international direct deposit, an individual must reside outside the United States. In contrast, SSI recipients who reside outside the United States, including Puerto Rico, are not eligible for SSI payments. We acknowledge that directing SSA to deposit payments into accounts established in Puerto Rico does not, by itself, prove a recipient resides outside of the United States and is ineligible for SSI payments. However, we believe—based on the incidence of improper payments in our prior audit—that these recipients are more likely to have had changes in circumstances (living arrangements) and warrant consideration for SSI redeterminations.

Our Dallas Audit Division can coordinate with your staff and provide information on these recipients. If you wish to discuss this memorandum, please call me or have your staff contact Ron Gunia, Director, Dallas Audit Division.