



**Hearing
Before the
Committee on Homeland Security & Governmental Affairs**

U.S. SENATE

DEATH AND IMPROPER PAYMENTS

March 16, 2015

**Statement of
Sean Brune,
Senior Advisor to the Deputy Commissioner,
Office of Budget, Finance, Quality and Management**

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Senior Advisor to the Deputy Commissioner,
Office of Budget, Finance, Quality and Management
Social Security Administration
before the Senate Homeland Security and
Governmental Affairs Committee**

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Chairman Johnson, Ranking Member Carper, and Members of the Committee:
Thank you for inviting me to discuss the death information we collect and maintain for Social Security purposes and how we share this information with other government agencies. I am Sean Brune, Senior Advisor to the Deputy Commissioner for Budget, Finance, Quality and Management.

We strongly support the Federal government's effort to combat fraud and curb improper payments. Program integrity and the stewardship of trust fund and tax dollars have long been a cornerstone of SSA's mission. The death information we collect serves us well and prevents around \$50 million each month from becoming improper payments. Further, of the around 2.8 million new death reports we add to our records each year, less than half of one percent—just 0.35 percent—are erroneous.

Today, I would like to explain how we obtain death information and how we use it to prevent improper payments in our programs. I would also like to describe how and why we share death information with government and private entities.

Program Overview

We administer the Old-Age, Survivors, and Disability Insurance (OASDI) program, commonly referred to as "Social Security." Social Security is a social insurance program, under which workers earn coverage for retirement, survivors, and disability benefits by working and paying Social Security taxes on their earnings. We also administer the Supplemental Security Income (SSI) program, funded by general revenues, which provides cash assistance to aged, blind, and disabled persons with very limited means.

Few government agencies touch as many people as we do. For instance, we provide services to over 48 million retirement and survivors beneficiaries and about 15 million disability beneficiaries, including eligible family members. We are among the most efficient and effective agencies in the Federal Government—our discretionary administrative costs represent about 1.3 percent of benefit payments that we pay under the OASDI and SSI programs. We will issue nearly one trillion dollars in payments this year.

In addition, we have demonstrated throughout the years that we are effective stewards of program dollars, and have made great strides in minimizing improper payments. For Fiscal Year 2013—the last year for which we have complete data—we estimate approximately 99.8 percent of all OASDI payments were free of overpayment, and nearly 99.9 percent were

free of underpayment. That same year, we also achieved high levels of payment accuracy in the SSI program despite the inherent complexities in calculating monthly payments due to beneficiaries' income and resource fluctuations and changes in living arrangements.

Let me make clear that while we work diligently to correct and pursue them, improper payments do not equate with fraud. Improper payments can occur for a number of reasons, some of which are outside the control of the beneficiary or the agency.¹ Fraud, on the other hand, always involves intent to perpetrate reprehensible conduct. While the incidence of fraud is low, we do not tolerate it. We expend significant resources in our anti-fraud efforts and in support of the Inspector General, who has the chief responsibility to pursue and penalize fraudulent activity. Our efforts focus on, among other things, identifying, preventing, and referring for prosecution any individuals who fraudulently conceal the deaths of people close to them in order to steal Social Security benefits.

Collecting Death Information to Administer Our Programs

We do not generate death information; rather, we collect it from a variety of sources so that we can administer our programs. As noted, we post about 2.8 million new reports of death each year and our records are highly accurate. Of these millions of death reports we receive each year, about 9,000 instances per year (or 0.35 percent) are subsequently corrected. These reports come to us primarily from family members, funeral homes, financial institutions, and States. When we receive information about the death of an individual, we update our records, including the Numident file. The Numident is our electronic database of our records of Social Security Numbers (SSNs) assigned since 1936. This information allows us to stop paying benefits to a deceased beneficiary and establish benefits for survivors. Following a person's death, the Social Security number remains in the Numident but is flagged as deceased so no program fraud can occur. This data is widely used by Federal and state agencies to prevent improper payments.

Experience shows that some sources, including States, family members, and funeral homes, are highly accurate, and we use their reports without further verification to stop payments. For other reports, such as those we receive from a non-family member, we take steps to verify that the beneficiary is indeed deceased before stopping payments. For instance, a Social Security field office employee must contact another source—usually someone in the beneficiary's home, a representative payee, a nursing home, a doctor, or a hospital—to confirm that the person is deceased and, if the date of death affects benefits, to corroborate the reported date of death. If the death report from a source such as a non-family member relates to a person who is not receiving Social Security or SSI benefits, our field office employees do not verify the death report so that they may focus on the critical work of serving Social Security and SSI beneficiaries, processing claims for benefits, and performing program integrity work. However, for reports of deaths for persons not receiving benefits, we do update the Numident with such death information—although we do not always receive reports for individuals who are not receiving benefits.

¹ For example, an extra payday or unanticipated overtime can cause an individual to be unavoidably overpaid.

Electronic Death Registration and Our Records

Over the years, we have made use of technology to improve the accuracy and timeliness of our records and to more efficiently administer our programs. From the inception of Social Security in 1935 through the 1970s, our records were paper based. However, we were early adopters of electronic processes, and began recording information electronically in the 1970s. For example, we created the Numident in 1972, and we automatically added to that database the records of SSNs assigned in 1972 and onward. At the same time, we began a multi-year effort to transcribe to the Numident almost four decades worth of the paper records of SSNs previously assigned.

These efforts certainly improved our records. But the greatest improvements in the accuracy of our Numident records have undoubtedly resulted from our partnerships with the State Bureaus of Vital Statistics—the custodians for birth and death records—through Enumeration at Birth² and Electronic Death Registration (EDR).

Since 2002, we have worked with States to increase the use of EDR, which automates our receipt of death information. EDR replaces States' slower manual process for registering death information, resulting in the transmission of death information to us faster and more accurately. Generally, we receive these death reports within 5 days of the individual's death and within 24 hours after the State receives them. EDR is highly accurate because the States first verify the names and SSNs of deceased individuals against our records before they issue death certificates or actually transmit the death reports to us.

Currently 37 States, the City of New York, and the District of Columbia participate in EDR—for a total of 39 participants. We continue to work with interested States to expand EDR. The Department of Health and Human Services, through the Centers for Disease Control and Prevention (CDC), has responsibility for funding the States to assist in establishing EDR. Within CDC, the National Center for Health Statistics (NCHS) is responsible for collecting and disseminating national vital statistics. The President's FY 2016 budget includes funding for NCHS, a portion of which is to expand EDR. Although three-quarters of the States participate in EDR, implementation varies—some States have no system, while others transmit the majority of their death reports through EDR. Universal implementation of EDR has the potential to virtually eliminate death reporting errors and would ensure that our death records—whether pertaining to current beneficiaries or other persons—include the most accurate and most current information.

Improving Social Security Death Records

In addition to expanding EDR, we have implemented and planned a number of initiatives that will improve our already highly accurate death records. For example, because we know that data entry errors can occur when our employees manually input death reports, some years ago we made changes to our systems to alert automatically our front line employees if they input name and SSN information that does not match the name and SSN in our records.

² Since 1987, we have collaborated with the States to offer parents the convenience of requesting an SSN for their newborn child during the birth registration process. The States send us the information we need to assign the number and issue the card, without the parents needing to visit our offices. Today, the vast majority of births in the US—almost 98 percent—are registered using Enumeration at Birth.

More recently, and in part due to concerns raised in recent audits conducted by SSA's Office of the Inspector General (OIG) and the Government Accountability Office (GAO), we are exploring the legal and technical feasibility, as well as the cost, to establish an automated process to update these records. We will complete our analysis by the end of FY 2015. The good news is that the OIG did not find any Social Security fraud.

In addition, we are designing and implementing a number of initiatives to improve our death reporting processes. These initiatives include systems changes to prevent future discrepancies between data on the Numident file and Social Security payment records, and a monthly match to add death data from SSN records to Social Security payment records.

Most importantly, we continue to make progress on our most comprehensive undertaking to date to improve death data in our records: the complete re-design and overhaul of our Death, Alert, and Control and Update System. Our current system is decades old and needs modernizing. In FY 2014, we implemented the first phase of this death redesign initiative. We developed easy-to-use, web-based data entry screens that direct the user to the correct record and provide robust editing and intelligent drop-down options to enforce policy and improve accuracy. In FY 2015, we will streamline our back-end processing by consolidating the receipt of numerous external death data files for faster, direct posting to the Numident. We have scheduled further enhancements through the end of FY 2016, and plan to continue this investment, contingent on the availability of agency resources, in the following years. In moving forward on these improvements, we are careful to ensure that our investments have the largest possible return for our current and future beneficiaries.

We know there are occasional cases of fraud related to death—cases where, for instance, a family member conceals the death of a beneficiary and continues receiving Social Security payments. We share the public's outrage that such acts can and do occur. However, these cases are extremely rare. For instance, for the five-year period from FY 2009 – FY 2013, improper payments related to death accounted for an annual average of \$32.7 million for Title XVI and an annual average of \$20.8 million for Title II. And, in most cases, we recovered all the money paid in error on a deceased individual's record. For example, in the Title II program, we recovered about 98 percent of these payments.

Sharing Death Information within the Federal Government

There is a framework of laws in place which govern how and with whom we can share death information—among them, the Social Security Act, the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), and the Freedom of Information Act (FOIA). I would like to touch briefly on how these laws affect us.

Under section 205(r) of the Social Security Act (Act), the State death information we collect and maintain for our programs can only be shared for limited purposes—primarily, to ensure proper payment of federally-funded benefits. Accordingly, we provide all of our death records—including State death data—to nine federal benefit-paying agencies, including, among others, the Centers for Medicare & Medicaid Services, the Veterans Administration, the Department of

Defense, and the Internal Revenue Service. We send this data on a regular basis in electronic format. We may also share the DMF with Federal and State agencies for statistical and research activities. Finally, we use this authority to share death information with Federal and State agencies administering federally-funded benefits and programs, such as the Supplemental Nutrition Assistance Program, Unemployment Insurance, and Temporary Assistance for Needy Families, as well as Medicaid and the Children's Health Insurance Programs. In FY 2014, we provided over 1.1 billion SSN verifications to these agencies.

Section 7213(a) of the IRPTA requires us to provide indications of death in the SSN verifications we carry out for employers and State drivers' licensing agencies, and authorizes us to add such indications to other SSN verifications. This IRTPA provision explicitly permits us to share indications of death—although we cannot share dates of death—for these SSN verifications.

Death Information and the Do-Not-Pay Portal

Treasury's Do Not Pay portal is an important part of the Administration's efforts to prevent, reduce, and stop improper payments while protecting citizens' privacy. By using the portal, Federal agencies can carry out a review of available databases with relevant information on eligibility before they release any Federal funds. Under current law, we are not authorized to provide State death information to the Department of Treasury's Do Not Pay portal. That said, we strongly support this Committee's work to support the President's Do Not Pay initiative. Both the Improper Payments Elimination and Recovery Act of 2010 (P.L. 111-204, July 22, 2010), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (P.L. 112-248, Jan. 10, 2013), developed by this Committee, strengthened and broadened the Administration's efforts to help prevent improper payments in Federal programs. The President's FY 2016 budget would further protect Federal payments by granting us the legal authority to share all our death information, including data from the States, with the Do Not Pay portal. We note that S. 614—introduced by Ranking Member Carper, co-sponsored by Chairman Johnson, and recently considered by this Committee—similarly focuses on this gap. We look forward to working with the Committee on this important proposal to ensure the language accomplishes this goal.

In the meantime, we will continue to share our non-State death data with the portal. This file is sometimes referred to as the "Death Master File" or "public Death Master File" or simply "DMF." This file has a unique history and related issues, which I would like to discuss briefly.

History of the Publicly Available Death Master File

FOIA gives the public the right to access information from the Federal government. As a result of a FOIA lawsuit, *Perholtz v. Ross*, since 1980 we have been mandated to release to the public certain death information maintained by SSA.³ As we received more and more requests for this information, we created the DMF, an electronic file that we could easily make available to FOIA requesters. Since 1992, we have provided the DMF to the Department of Commerce's National

³ In 1983, Congress added the previously mentioned subsection (r) to section 205 of the Act, which exempted State death data from disclosure under FOIA. As a result, we cannot release State death data on the DMF.

Technical Information Service (NTIS) to distribute on our behalf. We chose NTIS because it functions as a federal clearinghouse for a wide array of government data. NTIS's customers include life insurance companies, State agencies, and financial institutions that need death information to stop paying benefits to deceased individuals and pay benefits to survivors of insured persons.

Recent Changes to the Law to Protect Death Information from Misuse

Although the public release of this information, which must be released under the *Perholtz* court order, helps to prevent fraud in government and private programs, unsavory individuals may also use this information to commit fraud. For example, some have used the information to file fraudulent tax returns claiming recently deceased children as dependents. As instances of such fraud increased, Congress and the Federal agencies also became increasingly concerned.

Thanks to this Committee's strong support of reforms included in the Bipartisan Budget Act of 2013, fraud based on the public file is anticipated to be reduced. That legislation delays the release of a deceased individual's information on the public DMF for three years after he or she dies, during which period it is exempt from release under FOIA. Only certain NTIS subscribers, such as private insurance companies and banks, that self-certify as having a legitimate business purpose or fraud prevention interest for the information—and having sufficient protections in place to safeguard the information—are permitted to pay for and receive the file without delay. Federal agencies can also receive the file without delay.

Conclusion

We appreciate Congress' interest in working with us to protect our fellow Americans and their resources. We stand ready to assist Congress to take the next steps to curb improper payments and fraud. We would support legislation to add the full file of death information to the Do Not Pay portal and would appreciate the Congress' support for nation-wide implementation of the EDR system.

Thank you for inviting me to testify and I would be happy to answer any questions.