

## **H.R. 4090, The Social Security Fraud and Error Prevention Act of 2014**

*Purpose: Ensuring that the Social Security Administration has the tools it needs to protect every American's Social Security benefits.*

### **Provides Needed Tools to Stop Fraud and Errors**

- Guaranteed financial investment to prevent waste, fraud, and errors
  - Provides a secure stream of dedicated resources for Social Security's most critical and effective activities that root out fraud and prevent errors that result in benefit overpayments.
  - The guaranteed investments are limited to the most critical and effective activities – those with a proven track record. The Social Security Administration (SSA) would be required to continue investing in basic fraud and error prevention activities out of its regular budget.
  - Expands SSAs capacity to fight fraud by allowing SSA to reinvest civil monetary penalties and criminal fines paid by Social Security fraudsters in its fraud-fighting work, as Medicare does.
  - Requires SSA to report annually to Congress on its fraud and error fighting performance and to notify Congress if funding is inadequate to protect worker contributions to the Trust Funds.
- High-impact strategies SSA will be able to expand:
  - Reviewing benefits authorized at both the initial application level and the appeals hearing level before sending the first check, in order to stop fraud and errors before a single penny is paid out of Social Security's Trust Funds. **Social Security's Chief Actuary estimates that the pre-payment reviews of initial applications save \$16 on average for every dollar invested.**
  - Reviewing current disability benefit recipients who are the most likely to have recovered or gone back to work, so that benefits are only paid to those who are too sick or disabled to work. **Social Security's Chief Actuary has estimated that on average, targeted reviews of continuing medical eligibility saved taxpayers \$13 for every dollar invested, and Social Security's Inspector General estimated that**

**reviews of work activity can save as much as \$16 for every dollar invested.** ([IG recommendation](#))

- Improved recovery of overpayments -- both those made due to errors and those that result from fraud -- and payment of civil monetary penalties assessed for fraud, to ensure that taxpayers get their money back and fraudsters are punished. **For every dollar SSA invests in recovering overpayments, Social Security recoups over \$13.**
- Support for U.S. Attorneys to ensure that when SSA catches fraud, it is prosecuted to the fullest extent of the law. **Social Security estimates that this saves Social Security \$8 for every dollar invested.**

### **Expands Social Security's Ability to Investigate and Punish Fraud**

- Expands SSA's special fraud-busting teams – its Cooperative Disability Investigations Units (CDIs) – to cover all 50 states. CDIs, which are teams of front-line Social Security staff, trained investigators from the Inspector General's office and state and local law enforcement, are one of Social Security's most effective fraud-fighting tools, and **have saved taxpayers over \$3.6 billion since they were first established in 1998.** Unfortunately, due to a lack of investment by Congress, SSA has only been able to establish CDIs in about half the country. ([IG recommendation](#))
- Makes it a Social Security Act felony to engage in a conspiracy to defraud Social Security, and establishes an additional felony for the individuals who make large fraud conspiracies possible -- those who violate a position of trust (such as beneficiary representatives, doctors, translators, or SSA employees) -- with a higher penalty of up to 10 years in prison.
- Increases SSA's civil monetary penalties, which were last adjusted in 1994, for inflation, and creates a higher penalty of \$7,500 per misstatement for those who violate a position of trust. Also ensures those who submit fraudulent medical evidence don't get a second chance to rip off Social Security, similar to the current-law provision which allows Social Security to ban past perpetrators of fraud from being beneficiary representatives. ([IG recommendation](#))
- Updates the law to ensure that fraudsters that scam seniors on the Internet pay the same fines as those who communicate through the mail. (IG recommendation)