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Social Security Fraud Overview

Social Security Programs

The Social Security Administration (SSA) administers Social Security, a social insurance program that protects an insured worker and his or her eligible family members against a loss of income due to the worker's retirement, disability, or death. SSA also administers Supplemental Security Income (SSI), a means-tested program for adults and children with little or no income and resources and who have a disability or blindness or are age 65 or older. In January 2025, SSA paid more than $126 billion in Social Security benefits and more than $5.5 billion in SSI to over 73 million individuals who received Social Security, SSI, or both.

Social Security Fraud Defined

Precise definitions may vary, but at a basic level *fraud* is a "knowing misrepresentation or knowing concealment of a material fact made to induce another to act to his or her detriment." Depending on the context, fraud may violate various federal criminal laws, including those focused on Social Security programs. For example, Section 208 of the Social Security Act criminalizes various forms of fraud involving Social Security, including among others:

- making certain false statements;
- with intent to defraud, concealing or intentionally failing to disclose information that would affect eligibility for benefits or the amount of payments (or conspiracy to commit these offenses);
- as a representative payee, using payments other than for the use and benefit of the beneficiary;
- providing false information to obtain a Social Security Number (SSN); fraudulently using the SSN system; or unlawfully disclosing, using, or compelling the disclosure of the SSN of any person in violation of U.S. laws.

Section 1632 of the act provides a similar list of criminal penalties relevant to SSI, omitting the SSN system instances of fraud. Various federal laws also prohibit other acts involving false or fraudulent statements or claims before a government agency. SSA also identifies other related conduct in the act or federal criminal statutes subject to criminal prosecution, including:

- false representation as an employee of the U.S. government;
- unauthorized access of SSA computer records;
- unauthorized disclosure of information from SSA's systems of records; and
- receiving or soliciting a bribe, illegal gratuity, or contribution to or supplementation of salary for U.S. government service.

The act also allows for civil monetary penalties. Section 1129 prohibits false statements, false representations, and omissions of material fact with respect to eligibility and amount of payments. Under the act, fraud does not necessarily require that payment be made by SSA. Section 1140 is a consumer protection law that prohibits misleading consumers by giving a false impression of association with, or authorization or endorsement by, SSA.

Distinction from Improper Payments

In contrast to fraud, an *improper payment* results from a mistake in computing a payment, a failure to obtain or act on available information affecting a payment, or a beneficiary failure to report an event or report correctly. An improper payment is an overpayment if the amount paid to an entitled individual is more than the amount that should have been paid. For example, overpayments may happen when SSA does not impose deductions, for example, for Medicare premiums; SSA does not suspend, reduce, or terminate benefits; or there is a technician error. The Social Security Act addresses overpayments for Social Security in Section 204 and overpayments for SSI in Section 1631(b).

SSA noted in a report on its expenditures on fraud and improper payment prevention activities that distinguishing between specific efforts to reduce fraud and improper payments is difficult because they are both part of program integrity workloads. SSA further notes that "most improper payments we detect do not involve any evidence of intent to commit fraud." Similarly, the Government Accountability Office (GAO) notes the distinction between improper payments and fraud: "Improper payments can have fraud-related root causes and impacts, but not all are caused by fraud."

Detecting and Preventing Fraud

As part of its independent oversight of SSA's programs and operations, SSA's Office of the Inspector General (OIG) conducts criminal investigations into allegations of fraud and misconduct related to SSA programs, operations, and employees. SSA also employs several types of strategies to detect and prevent fraud. These include:

- mandatory annual training for all agency and state disability determination services (DDS) employees on detecting fraud and reporting to OIG;
- the Cooperative Disability Investigations program, a joint effort by SSA and the OIG with state DDS agencies and state and local law enforcement agencies to review questionable disability claims and investigate cases of suspected disability fraud;
- data analytics and predictive modeling to detect and prevent fraud before issuing payments; and

- OIG's hotline and website for reports of fraud from the public.

Estimating the Amount of Fraud

GAO reports, "Guidance for collecting and reporting fraud-related data is currently limited to OIG semiannual reports and confirmed fraud reported by agencies to OMB, which are not designed to support fraud estimation." GAO also explains that "improper payment determinations are made by agency officials while fraud determinations can only be made through the judicial or other adjudicative system" and that "fraud can involve benefits that are nonfinancial in nature."

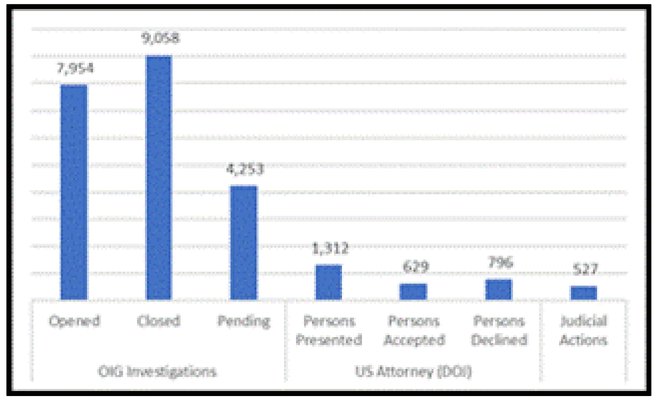
GAO identifies key challenges to determining the frequency and impact of fraud across the federal government: varying definitions, incomplete and inconsistent data, and imperfect detection and reporting. In testimony from 2024, SSA's OIG affirmed that limitations in expertise, data, and tools "could also impact agencies' ability to develop effective fraud estimates at a program or agency level."

Within SSA's OIG, the Office of Investigations receives and evaluates allegations of fraud, waste, and abuse in SSA's programs and operations. In FY2024, there were 332,927 reported allegations. Approximately half of the allegations involved false personation (26.7%) or SSN misuse (23.9%). Disability Insurance (Social Security Disability), Old Age and Survivors Insurance (Social Security Retirement), and SSI accounted for 15.9%, 14.9%, and 9.9% of the allegations, respectively. The majority of allegations came from private citizens (59.9%). The next largest group reporting alleged fraud was SSA and state DDS employees (18.4%), followed by anonymous (13.9%), beneficiaries (6.6%), law enforcement (0.8%), and public agencies and other sources (0.4%).

An allegation of fraud may or may not lead to an investigation. **Figure 1** shows the number of OIG investigations opened and closed during FY2024. Likewise, investigations may not lead to prosecutions. SSA's internal guidance explains that "OIG investigates fraud cases that meet prosecutorial guidelines for the federal judicial district where the fraud occurred" and that "OIG may refer the case to federal, state, or local courts." **Figure 1** also shows the number of persons referred, accepted, and declined for prosecution by the Department of Justice (DOJ) where the investigative findings were not subject to pre-established prosecution declination guidelines.

SSA reported $88.05M of *confirmed fraud* for financial fraud (intentional money loss payments) in FY2023. Confirmed fraud is limited to fraud cases confirmed by a court and does not represent anything settled out of court with or without admission of guilt. The extent of nonfinancial fraud, which does not involve payment by SSA (e.g., fraudulently obtaining an SSN), is unlikely to be included in monetary estimates of fraud.

Figure 1. Disposition of All SSA OIG Anti-Fraud Investigations, FY2024



Source: SSA, *Agency Financial Report FY 2024*, "The Office of the Inspector General's Anti-Fraud Activities."

Notes: Persons recorded as declined or accepted during FY2024 may have been presented during a prior year. Persons presented during FY2024 may not yet have been recorded as declined or accepted.

Penalties for Committing Fraud

Sections 208 and 1632 of the Social Security Act generally authorize consequences including restitution, imprisonment, and fines. Prosecution may also be possible under more general criminal statutes in the *U.S. Code*.

If the U.S. Attorney declines to prosecute and issues the formal "declination" required by statute, OIG may refer the case to its Office of the Counsel to the Inspector General to pursue and impose a civil monetary penalty and any *assessment*. On January 20, 2023, SSA directed OIG to cease initiating actions to impose civil monetary penalties under Section 1129 until further notice following allegations of improper implementation of Section 1129.

SSA may also impose *administrative sanctions*, which allow SSA to withhold a person's current or future Social Security or SSI payments. In FY2023, SSA performed 24 cases of administrative sanctions in the Social Security Disability Insurance program and 59 cases in the SSI program.

Social Security Fraud Resources

SSA, "Fraud Prevention and Reporting"

SSA, "Social Security Protects Your Investment"

SSA, *Annual Financial Report*, "The Office of the Inspector General's Anti-Fraud Activities"

SSA-OIG, quarterly scam reports to Congress

SSA-OIG, semiannual reports to Congress

GAO, *Improper Payments and Fraud: How They Are Related but Different*

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