

GAO Highlights

Highlights of [GAO-13-635](#), a report to congressional requesters

Why GAO Did This Study

SSA's DI program is the nation's largest cash assistance program for workers with disabilities. Though program rules allow limited work activity, some work activity indicates beneficiaries are not disabled and therefore not entitled to DI benefits. Consequently, SSA might overpay beneficiaries if the agency does not detect disqualifying work activity and suspend benefits appropriately.

GAO was asked to study potential DI overpayments. GAO examined the extent to which (1) the NDNH indicates that individuals received potential DI overpayments; and (2) SSA's enforcement operation detects potentially disqualifying work activity during the waiting period. GAO drew random, generalizable samples of individuals from those whose earnings on the NDNH were beyond program limits and compared wages from their employers to DI program data to identify potential overpayments. To illustrate the circumstances in which SSA made potential DI overpayments, GAO reviewed case files for a nongeneralizable selection of six individuals—three who worked during their waiting period, and three who received potential overpayments for at least 3 years.

What GAO Recommends

GAO recommends that SSA assess the costs and feasibility of establishing a mechanism to detect potentially disqualifying earnings during all months of the waiting period and implement the mechanism as appropriate. SSA concurred, but raised concerns about GAO's estimates. GAO believes its estimates are valid as discussed in this report.

View [GAO-13-635](#). For more information, contact Steve Lord at (202) 512-6722 or lords@gao.gov.

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DISABILITY INSURANCE

Work Activity Indicates Certain Social Security Disability Insurance Payments Were Potentially Improper

What GAO Found

On the basis of analyzing Social Security Administration (SSA) data on individuals who were Disability Insurance (DI) beneficiaries as of December 2010 and earnings data from the National Directory of New Hires (NDNH), GAO estimates that SSA made \$1.29 billion in potential cash benefit overpayments to about 36,000 individuals as of January 2013. The exact number of individuals who received improper disability payments and the exact amount of improper payments made to those individuals cannot be determined without detailed case investigations by SSA. These DI beneficiaries represent an estimated 0.4 percent of all primary DI beneficiaries as of December 2010. Using a different methodology that includes additional causes of overpayments not considered in GAO's analysis, SSA estimated its DI overpayments in fiscal year 2011 were \$1.62 billion, or 1.27 percent of all DI benefits in that fiscal year. GAO estimated DI program overpayments on the basis of work activity performed by two populations of individuals. The first population received potential overpayments due to work activity during the DI program's mandatory 5-month waiting period—a statutory program requirement to help ensure that SSA does not pay benefits to individuals who do not have long-term disabilities. Prior to receiving benefits, individuals must complete a 5-month waiting period, in which the individual cannot exceed a certain level of earnings, known as substantial gainful activity, during any month in order to be eligible for DI benefits. Earnings that exceed program limits during the waiting period indicate that individuals might not have long-term disabilities. The second population received potential overpayments due to work activity beyond the program's trial work period—the trial work period consists of up to 9 months in which a DI beneficiary may return to work without affecting her or his benefits. However, beneficiaries whose earnings consistently exceed program limits after completing a trial work period are generally no longer entitled to benefits.

SSA uses its enforcement operation to generate alerts for potentially disqualifying earnings, but the agency's enforcement operation does not generate alerts for earnings that occur in all months of the waiting period, which allows potentially disqualifying work activity to remain undetected. Specifically, GAO found that SSA's enforcement operation will not generate an alert for earnings during the waiting period if the earnings occur in a year when the beneficiary does not receive a benefit payment. For example, in two of the nongeneralizable case studies GAO reviewed, SSA's enforcement operation did not generate an alert for potentially disqualifying work activity during the waiting period because these individuals' waiting periods occurred in the year prior to their first benefit payment. GAO obtained earnings records from these individuals' employers that show they worked continually both during and after their waiting periods at a level of work that would normally result in a denial of benefits. GAO also reviewed information for individuals who worked beyond their trial work period and found that SSA had identified and established overpayments for these individuals. SSA officials stated that modifying its enforcement operation could be costly, but the agency has not assessed the costs of doing so. To the extent that it is cost-effective and feasible, establishing a mechanism to detect earnings during all months of the waiting period would strengthen SSA's enforcement operation.