

GAO Highlights

Highlights of [GAO-15-673T](#), a testimony before the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

SSA's DI program is one of the nation's largest cash assistance programs. To ensure that beneficiaries remain eligible, SSA regulations require that beneficiaries promptly report their work activity—including starting a job or a change in wages—to the agency in a timely manner. If the beneficiary does not report changes or if SSA does not properly process reported work information, SSA may pay out benefits in excess of what is due, resulting in an overpayment. In fiscal year 2014, SSA identified \$1.3 billion in DI benefit overpayments. Avoiding overpayments is imperative as they pose a burden for beneficiaries who must repay excess benefits and result in the loss of taxpayer dollars when they cannot be repaid.

In this statement based on ongoing work, GAO discusses preliminary observations regarding: 1) what is known about the extent of work-related DI overpayments; and 2) factors affecting SSA's handling of work activity reported by beneficiaries. GAO reviewed relevant federal laws, policies, and procedures, and prior GAO, OIG and SSA reports; analyzed 10 years of SSA data on overpayments; interviewed staff at SSA headquarters and at field offices and teleservice centers for three regions, selected to represent a range of relevant DI workloads.

What GAO Recommends

As GAO finalizes its work for issuance later this year, it will consider making recommendations, as appropriate. GAO sought SSA's views on information included in this statement, but SSA was unable to provide its views in time to be incorporated.

View [GAO-15-673T](#). For more information, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov.

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DISABILITY INSURANCE:

Preliminary Observations on Overpayments and Beneficiary Work Reporting

What GAO Found

Over the last decade, preliminary data provided by the Social Security Administration (SSA) indicate that more than half of the \$20 billion overpaid in the Disability Insurance (DI) program was associated with beneficiary work activity. Specifically, SSA's data indicate that between fiscal years 2005 and 2014, a total of \$11 billion in DI overpayments were paid to beneficiaries with work earnings that exceeded program limits, with an annual average of 96,000 DI beneficiaries incurring an average work-related overpayment of \$12,000. In its last 6 annual stewardship reports, SSA attributed some improper payments to its not taking appropriate action when notified of beneficiaries' work activity.

GAO identified a number of factors that affect handling of work activity reports by beneficiaries—factors that stem from weaknesses in SSA's policies and procedures that are inconsistent with federal internal control standards. Such weaknesses increase the risk that overpayments may occur even when DI beneficiaries diligently try to follow program rules and report work and earnings. These weaknesses include:

- **Vulnerabilities in processing work reports.** Based on interviews with SSA staff, GAO identified process vulnerabilities that could result in staff not: (1) issuing a receipt that proves the beneficiary's work was reported—one of two criteria a beneficiary must meet for SSA to waive an overpayment; and (2) initiating tracking of work activity, which would help prevent overpayments. Data are not available to determine the extent to which this might occur.
- **Limited guidance for processing and monitoring work reports.** While SSA has metrics to ensure that staff take action on work reports in a timely manner, it lacks procedures detailing steps staff must take in screening these reports and for ensuring that pending work reports are systematically reviewed and closed with appropriate action, consistent with federal internal control standards.
- **Not leveraging technology.** In contrast to SSA's Supplemental Security Income (SSI) program—a means-tested disability benefits program—the DI program lacks automated tools for beneficiaries to report work. SSI recipients can report wages through an automated telephone reporting system and a smartphone app. SSA cited complex DI program rules and an unclear return on investment for not pursuing these options. However, this conclusion was based on a limited evaluation of costs. Meanwhile, SSA's current manual approach is vulnerable to error and may discourage reporting by beneficiaries who experience long wait times when they try to report work in person at offices or by telephone.
- **Confusing work incentive rules.** The DI program has complex work incentive rules, such that SSA staff interviewed by GAO had varying interpretations of program rules and gave beneficiaries differing instructions on how often to report their work and earnings. In 2012, SSA developed a proposal to simplify program rules, but stated that it does not currently have the authority to test or implement such changes. SSA requested authority that would allow it to conduct such tests in its 2016 budget proposal.