

GAO Highlights

Highlights of [GAO-14-418](#), a report to the Chairman, Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

In recent years, the U.S. Department of Justice has investigated and prosecuted railroad workers who were suspected of falsely claiming over \$1 billion in disability benefits, raising concerns about RRB's disability claims process. GAO was asked to evaluate the integrity of RRB's disability program. This report examines (1) whether RRB's policies and procedures for processing claims were adequate to ensure that only eligible claimants receive T&P disability benefits; and (2) the extent to which RRB's management strategy ensures that approved claims are accurate and addresses program risks. To answer these questions, GAO reviewed T&P determination policies and procedures, interviewed RRB officials in headquarters and four district offices—selected for geographic dispersion—reviewed relevant federal laws and regulations, and reviewed a nongeneralizable random sample of 10 T&P cases that were approved in fiscal year 2012 to illustrate RRB's claims process.

What GAO Recommends

GAO recommends that RRB explore options for obtaining more timely earnings information; revise its policy concerning the supervisory review of disability claims; establish a regular quality assurance review of T&P disability decisions; develop a performance goal to track decision accuracy; and develop and implement fraud awareness policies, procedures, and annual training. RRB agreed with these recommendations.

View [GAO-14-418](#). For more information, contact Dan Bertoni at (202) 512-7215 or bertonid@gao.gov.

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RAILROAD RETIREMENT BOARD

Total and Permanent Disability Program at Risk of Improper Payments

What GAO Found

The Railroad Retirement Board's (RRB) policies and procedures for processing total and permanent (T&P) disability benefit claims do not adequately ensure that claimants meet program eligibility requirements. To find a railroad worker eligible for T&P benefits, RRB makes an independent determination of disability using the same general criteria that the Social Security Administration (SSA) uses to administer its Disability Insurance (DI) program—that is, a worker must have a medically determinable physical or mental impairment that (1) has lasted (or is expected to last) at least 1 year or is expected to result in death and (2) prevents them from engaging in substantial gainful activity, defined as work activity that involves significant physical or mental activities performed for pay or profit. RRB's policy states that, to establish eligibility for financial benefits, examiners should assess medical records for evidence that a claimant is too severely disabled to maintain gainful employment, and establish that a claimant's earnings fall below a certain threshold. However, the procedure for establishing if claimants meet the income threshold relies on SSA earnings data that can be up to 1 year old. Sources of more timely earnings information, such as the Department of Health and Human Services' National Directory of New Hires and *The Work Number*, exist and include both non-railroad and self-employment earnings, but RRB has not sufficiently explored the possibility of using them to help establish eligibility for T&P disability benefits. In addition, RRB lacks a policy to require independent supervisory review for all claims determinations. As a result, the procedures that claims examiners use to review a claim also allow them sole discretion to decide whether to approve it. Between 2008 and 2012, RRB data show that about one-quarter to one-third of T&P claims are considered and approved without independent supervisory review. According to generally accepted standards for internal controls in the federal government, essential tasks—such as establishing and determining that benefits should be awarded—should be performed by separate individuals to reduce the risk of fraud.

RRB's strategy for post-eligibility quality assurance review is inadequate to ensure that disability determinations for approved claims are accurate and does not address program risks due to potential fraud. While RRB checks the accuracy of payment amounts, and periodically reviews compliance with its policies, it does not evaluate the accuracy of disability determinations made or regularly monitor the effectiveness of the determination process. Similarly, performance goals for the disability program focus on measures of timeliness and do not track the accuracy of determinations made. The agency also has not engaged in a comprehensive effort to continuously identify fraud within the program, even after a high-profile incident exposed fraud as a key program risk. RRB has conducted some analyses to identify patterns in claims data that may suggest potential fraud, but the work has not led to new practices in the T&P program. Finally, while RRB officials stated that the agency has developed and provided some fraud awareness training, staff in all four of the district offices that GAO interviewed did not recall receiving this training, and some stated that it was not their responsibility to be alert for potential fraud, further limiting RRB's ability to ensure it is paying benefits only to eligible claimants.