

# GAO Highlights

Highlights of [GAO-16-34](#), a report to the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

## Why GAO Did This Study

SSA's DI program provides cash benefits to workers with disabilities. Per program rules, SSA requires that beneficiaries promptly report their work activity—including starting a job or a change in wages—as failure to do so may result in an overpayment that must be repaid. 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 lost taxpayer dollars if they are not repaid or are waived by SSA. GAO was asked to review SSA's handling of DI overpayments and waivers due to beneficiaries' return to work.

This report examines 1) the extent of work-related DI overpayments and waivers, 2) how SSA's handling of work activity reported by beneficiaries prevents overpayments, and 3) how SSA ensures appropriate decisions are made to waive overpayments. GAO analyzed 10 years of SSA data on overpayments and waivers; reviewed relevant laws, regulations, guidance and studies; interviewed staff at SSA headquarters and several field offices and teleservice centers, selected to represent a range of relevant DI workloads; and reviewed 10 DI cases involving waived overpayments.

## What GAO Recommends

GAO is making seven recommendations, including that SSA study automated reporting options, and improve oversight of work reports and waivers. SSA agreed with six recommendations but disagreed with overseeing work reports. GAO clarified that oversight should ensure staff are following proper procedures.

View [GAO-16-34](#). For more information, contact Daniel Bertoni at (202) 512-7215 or [bertonid@gao.gov](mailto:bertonid@gao.gov).

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## DISABILITY INSURANCE

### SSA Could Do More to Prevent Overpayments or Incorrect Waivers to Beneficiaries

## What GAO Found

From fiscal years 2005 through 2014, GAO found that Social Security Administration (SSA) overpaid \$11 billion in Disability Insurance (DI) program benefits to beneficiaries who had returned to work and had earnings above program limits, and about \$1.4 billion in overpayments related to work activity was waived—because the beneficiary was found not at fault—and therefore will not be repaid. SSA recently conducted two reviews to identify the extent of overpayments caused by errors in processing work reports; however, both reviews used sample sizes too small to produce reliable results—limitations which SSA did not note in its reports and that may impede SSA's understanding of root causes of overpayments.

SSA's process for handling work reports by beneficiaries has internal control and other weaknesses that increase the risk of overpayments, even when DI beneficiaries follow program rules and report work and earnings, including:

- **Processing weaknesses.** Due in part to unclear guidance, GAO found that SSA staff may bypass established procedures and not: (1) initiate tracking of work activity, which would help prevent overpayments; and (2) issue a receipt to the beneficiary—as required by law—that proves the beneficiary's work was reported. Data are not available to determine the full extent to which this might occur.
- **Limited oversight.** While SSA tracks timeliness of staff action on work reports, it lacks procedures for how staff should screen such reports, and for ensuring that work reports are systematically reviewed and closed with appropriate action.
- **No automated reporting options.** In contrast to SSA's Supplemental Security Income (SSI) program—a means-tested disability benefits program—the DI program lacks automated tools to report work, such as an automated telephone system and a smart phone app. Although SSA officials said there is an internal proposal to automate DI work reports, they could not provide specifics on how or when this would occur. Without automation, SSA's current manual approach is vulnerable to error.

SSA's processes for handling requests to waive overpayments lack sufficient controls to ensure appropriate decisions are made, especially those involving low dollar amounts. Two recent reviews—conducted by SSA and SSA's Office of Inspector General (OIG)—found documentation and other errors in DI and other waivers. In addition, a 2015 OIG study found significant variation in DI and other waiver approval rates among field offices, and noted that some field offices with high waiver approval rates also had a high incidence of waivers under \$1,000, which require less documentation. In response to the reviews, SSA has already taken some steps to improve waiver policy and training. Nevertheless, SSA's reviews do not target DI waiver decisions—especially those under \$2,000, which do not require supervisory review and comprise almost a third of all waiver decisions. Without additional oversight, such as targeted reviews of DI waivers, staff may systematically waive overpayments incorrectly, particularly those involving low dollar amounts.