
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**TERMINATION OF DISABILITY BENEFITS
FOLLOWING A CONTINUING DISABILITY REVIEW
CESSATION DETERMINATION**

November 2012 A-07-12-11211

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



MEMORANDUM

Date: November 1, 2012

Refer To:

To: The Commissioner

From: Inspector General

Subject: Termination of Disability Benefits Following a Continuing Disability Review Cessation Determination (A-07-12-11211)

OBJECTIVE

The objective of our review was to determine whether the Social Security Administration (SSA) timely terminated benefits following a continuing disability review (CDR) cessation determination.

BACKGROUND

Title II of the *Social Security Act* (Act) allows individuals to receive Disability Insurance (DI) benefits if they are fully insured, have not reached retirement age, and are determined to be disabled according to SSA regulations.¹ DI benefits are financed from the DI Trust Fund.²

Title XVI of the *Act* established the Supplemental Security Income (SSI) program.³ SSI is a Federal cash assistance program that guarantees a minimum level of income to financially needy individuals who are aged, blind, or disabled. SSI payments are financed from the general fund.⁴

Once an individual begins receiving disability benefits under the DI or SSI program, SSA ensures only those individuals who remain disabled will continue receiving benefits. SSA conducts CDRs on DI beneficiaries and SSI recipients to determine whether they remain medically eligible for disability payments.⁵ A decision to

¹ Act § 223, *et seq.*, 42 U.S.C. § 423 *et seq.* See also 20 C.F.R. §§ 404.130 - 404.133.

² Act § 201(b), 42 U.S.C. § 401(b).

³ Act § 1601, *et seq.*, 42 U.S.C. § 1381 *et seq.* See also 20 C.F.R. § 416.101 *et seq.*

⁴ *Id.*

⁵ Generally, the frequency of medical CDRs depends on SSA's assessment of the likelihood of medical improvement. 20 C.F.R. § 404.1590(d) and 20 C.F.R. § 416.990(d).

discontinue benefits is made when a CDR reveals an individual no longer meets the medical requirements for disability benefits, referred to as a medical cessation determination.⁶ Medical cessation determinations are made by disability examiners in the Office of Central Operations and State disability determination services (DDS) as well as disability specialists in program service centers. Once SSA decides an individual is no longer eligible for disability benefits, it should inform the individual of its decision and discontinue payments 2 months after the cessation determination.⁷

RESULTS OF REVIEW

We identified populations of 25,564 DI beneficiaries and 67,943 SSI recipients who received medical cessation determinations during Calendar Years (CY) 2005 through 2010 but continued receiving monthly benefit payments more than 2 months after the medical cessation determination.⁸ We reviewed samples of 250 DI beneficiaries and 250 SSI recipients. We found some individuals who received improper payments because their disability benefits were not terminated 2 months after the cessation determination per SSA policy.⁹ Specifically, we found the following.

- Of the 250 DI beneficiaries, 76 (30 percent) and their auxiliaries improperly received payments after their medical cessation determinations because benefits were not terminated timely. Accordingly, we project that 7,771 beneficiaries in our population received improper benefit payments of approximately \$48.9 million.
- Of the 250 SSI recipients, 41 (16 percent) improperly received payments after their medical cessation determinations because payments were not terminated timely. Accordingly, we project that 11,143 recipients in our population received improper payments of approximately \$34.7 million.

Since November 2003, SSA has been aware that disability payments have not always been terminated timely following a medical cessation determination. Since 2003, SSA

⁶ SSA, POMS, DI 28001.001 B (November 7, 2002).

⁷ Id.

⁸ We identified beneficiaries who received a payment in the third month after the cessation determination since beneficiaries are allowed to receive benefits for the month of cessation and the following 2 months. SSA, POMS, DI 28001.001 B (November 7, 2002). See Appendix B for the Scope and Methodology of our review.

⁹ SSA, POMS, DI 28001.001 B (November 7, 2002). Some individuals were due the payments they received in the third month after the cessation determination. Specifically, SSA allows beneficiaries to continue receiving payments during appeal of a medical cessation determination. SSA, POMS, DI 12027.001 (April 20, 2007). Therefore, beneficiaries who received a favorable decision on appeal or had an appeal pending were due the benefits they received during the appeal. Beneficiaries who received an unfavorable decision or dismissal on appeal were required to repay the benefits they received; however, the only payments we considered improper were those that continued more than 2 months after the unfavorable decision or dismissal. Further, beneficiaries who received an allowance decision on a new initial claim with a disability onset date within 2 months of the medical cessation determination were due the benefits they received following the cessation determination.

has identified and taken corrective actions on cases where benefit payments were not terminated following a medical cessation. Furthermore, in January 2006, SSA began taking actions to resolve the underlying systems and business process issues associated with the untimely termination of benefits, including automating its CDR processes.

Despite SSA’s actions to resolve the causes of untimely terminations, there were still instances where SSA continued improperly paying DI beneficiaries and SSI recipients because of additional systems limitations. In addition, according to SSA, in June 2009, resource limitations and other work priorities caused the Agency to stop routinely identifying cases where benefits were not terminated timely following a medical cessation determination.

DI BENEFICIARIES

We reviewed a sample of 250 DI beneficiaries who received medical cessation determinations during CYs 2005 through 2010 and received a payment more than 2 months after the cessation determination. We identified 76 beneficiaries who improperly received benefit payments after their medical cessation determinations.¹⁰ These 76 beneficiaries were improperly paid for periods ranging from 1 to 63 months because their benefits were not terminated timely following the medical cessation determinations (see Table 1).

Table 1

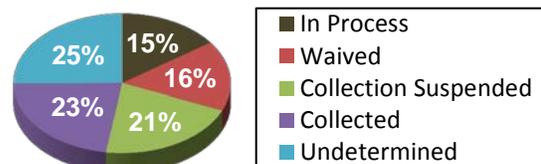
| Number of Months DI Beneficiaries Received Improper Payments | |
|---|-----------------------------------|
| Number of Months | Number of DI Beneficiaries |
| 1 | 27 |
| 2 – 6 | 23 |
| 7 – 12 | 14 |
| 13 – 18 | 3 |
| 19 – 24 | 1 |
| 25 – 30 | 3 |
| 31 – 63 | 5 |
| Total | 76 |

Based on our sample, we project that 7,771 (30 percent) of the 25,564 DI beneficiaries in our population improperly received benefits following a medical cessation determination (see Appendix C, Table C-1). As a result, we project improper payments to these beneficiaries and their auxiliaries of approximately \$48.9 million.

¹⁰ Of the remaining 174 beneficiaries, 162 were due the payments they received after their medical cessation determinations because they either appealed the medical cessation determination or received an allowance decision on a new initial claim for disability benefits (see Footnote 9). The remaining 12 beneficiaries were due the benefits they received after the medical cessation determinations for various other reasons. For example, one beneficiary began receiving retirement benefits the same month as the medical cessation determination.

At the time of our review, SSA had identified and terminated benefits to 73 of these 76 beneficiaries.¹¹ However, three beneficiaries were still receiving improper benefit payments at the time of our review, and these beneficiaries had been receiving payments for 24 to 41 months following their medical cessation determinations. In February 2012, we referred these three beneficiaries to SSA for possible corrective action. As of May 7, 2012, these three beneficiaries had benefits terminated, and the approximately \$109,000 they were improperly paid was assessed as overpayments.

Chart 1
DI Overpayment Collection Activity



For 58 of the 73 beneficiaries, SSA assessed overpayments of more than \$288,000, including overpayments to auxiliaries.¹² Therefore, we project that SSA assessed overpayments of about \$29.4 million for 5,931 beneficiaries and their auxiliaries in our population.¹³ However, we estimate SSA had only collected 23 percent of the overpayments (see Chart 1). SSA was collecting 15 percent of the overpayments.¹⁴

¹¹ Eleven of the 73 beneficiaries were receiving benefits at the time of our review because of a new application for disability or retirement benefits or because a new CDR had been conducted. However, we considered as improper any payments made between the medical cessation determination and the onset of the new disability or attainment of retirement age.

¹² Based on our review, we believe these 58 beneficiaries and their auxiliaries were improperly paid over \$307,000. Therefore, we believe SSA should have assessed an additional \$19,000 in overpayments for these beneficiaries and their auxiliaries. In addition, the remaining 15 beneficiaries and their auxiliaries were improperly paid almost \$64,000, which we believe SSA should have assessed as overpayments. A systems problem that SSA has corrected likely caused 12 of the 15 beneficiaries to be improperly paid for only 1 month, for a total of almost \$10,000. Further, one beneficiary who was improperly paid about \$11,000 died before SSA took action. However, SSA employees could not explain why overpayments had not been assessed for the remaining two beneficiaries who received almost \$43,000 in improper payments.

¹³ See Appendix C, Table C-2. This does not include overpayments assessed on beneficiaries we referred to SSA for possible corrective action.

¹⁴ These overpayments were being collected through benefit adjustment or installment agreement or were included in the Treasury Offset Program. Benefit adjustment is withholding payments due the overpaid individual. SSA, POMS, GN 02210.001 (May 7, 2012). Installment agreements are scheduled repayments from the overpaid individual when benefit adjustment and full refund is not available. SSA, POMS, GN 02210.180 (April 3, 2007). The Treasury Offset Program enables the Department of the Treasury to recover an individual's delinquent SSA debt by collecting any Federal payment, such as Federal income tax refunds, due to that individual and crediting SSA with the amount collected. SSA, POMS, GN 02201.029 (February 21, 2002).

SSA waived, suspended collection on, or had not determined what actions to take on the remaining overpayments.¹⁵

SSI RECIPIENTS

We reviewed a sample of 250 SSI recipients who received a medical cessation determination during CYs 2005 through 2010 and received a payment more than 2 months after the cessation determination. Our review identified 41 recipients who improperly received payments after their medical cessation determinations.¹⁶ Of these, 40 recipients were improperly paid for periods ranging from 1 to 20 months, and 1 recipient was improperly paid for 74 months, because their payments were not terminated timely (see Table 2).

Based on our sample, we project that 11,143 (16 percent) of the 67,943 SSI recipients in our population improperly received payments following a medical cessation determination (see Appendix C, Table C-3). As a result, we project improper payments to these recipients of approximately \$34.7 million.

At the time of our review, SSA had identified and terminated payments to 40 of these recipients. However, one recipient was still receiving improper payments at the time of our review and had been receiving payments for 13 months following the medical cessation determination. In February 2012, we referred this recipient to SSA for possible corrective action. In March 2012, SSA terminated payments to the recipient and assessed the \$8,219 that was improperly paid as an overpayment.

Table 2

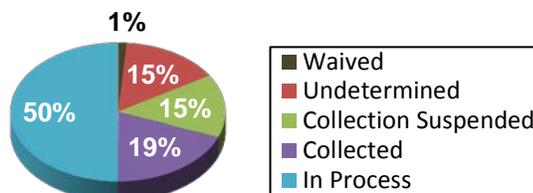
| Number of Months SSI Recipients Received Erroneous Payments | |
|--|---------------------------------|
| Number of Months | Number of SSI Recipients |
| 1 | 28 |
| 2 – 6 | 2 |
| 7 – 12 | 5 |
| 13 – 18 | 3 |
| 19 – 24 | 2 |
| 25 – 30 | 0 |
| 31 – 74 | 1 |
| Total | 41 |

¹⁵ A waiver relieves the individual from further liability for the overpayment. SSA, POMS, GN 02215.235 B.4 (October 22, 2009). Recovery of an overpayment may be waived if such recovery would be against equity and good conscience or defeat the purpose of the programs. SSA, POMS, GN 02250.001 (October 4, 2005) and SSA, POMS, GN 02250.150 (January 25, 2012). If SSA determines an overpayment is not collectible, it may elect to terminate future collection efforts by suspending collection of the debt. Later, if SSA determines a debt is collectible, it may change or delete the suspension decision. SSA, POMS, GN 02215.250 (December 22, 1998). According to SSA, actions might not be taken on overpayments when individuals are no longer in current payment status or they protest the overpayments.

¹⁶ Of the remaining 209 recipients, 202 were due the payments they received after their medical cessation determinations because they either appealed the medical cessation determination or filed a new claim for SSI (see Footnote 9). The remaining seven recipients were due the payments they received after the medical cessation determinations for various other reasons. For example, the cessation date on one case changed after a quality assurance review; therefore, the recipient was due the payments received between the original and revised cessation dates.

For 21 of the 40 recipients, SSA assessed overpayments of approximately \$51,000.¹⁷ Therefore, we project that SSA assessed overpayments of almost \$14 million for 5,707 recipients in our population.¹⁸ However, we estimate SSA had only collected 19 percent of the overpayments (see Chart 2). SSA was collecting half of the overpayments.¹⁹ SSA waived, suspended collection on, or had not determined what action to take on the remaining overpayments.

Chart 2
SSI Overpayment Collection Activity



SSA'S ACTIONS TO RESOLVE UNTIMELY BENEFIT TERMINATION

In November 2003, SSA detected beneficiaries who continued receiving benefit payments after medical cessation determinations. SSA determined that some medical cessation determinations were not effectuated for various administrative reasons, including inadequate controls and the lack of automated systems. Specifically, DDS employees clipped cessation notices to the outside of paper case folders. Often, the notices became detached from the paper case folder or were overlooked by the DDS employee responsible for releasing the notices. In addition, SSA used a manual process to terminate DI benefits, which caused delays in terminating some benefits. Furthermore, similar manual processes and lack of controls caused some appeals of cessation determinations to be lost and never processed or, if they were processed, payments were not terminated timely.

Beginning in January 2006, SSA took actions to resolve the underlying systems and business process issues associated with the untimely termination of benefits following a medical cessation determination. Specifically, SSA transitioned the paper CDR process into an electronic CDR process, with implementation beginning in Fiscal Year 2008. With the electronic process, DDSs submit cessation notices electronically to the

¹⁷ Based on our review, we believe these 21 recipients were improperly paid over \$103,000. Therefore, we believe SSA should have assessed an additional \$52,000 in overpayments for these recipients. In addition, the remaining 19 recipients were improperly paid over \$16,000, which we believe SSA should have assessed as overpayments. A systems problem that SSA has corrected likely caused 18 of the 19 recipients to be improperly paid for only 1 month, for a total of almost \$9,000. However, SSA employees could not explain why an overpayment had not been assessed for the remaining recipient who received approximately \$7,000 in improper payments over 19 months.

¹⁸ See Appendix C, Table C-4. This does not include the overpayment assessed on the recipient we referred to SSA for possible corrective action.

¹⁹ These overpayments were being collected through benefit adjustment or installment agreement or were included in the Treasury Offset Program (see Footnote 14).

processing component for benefit termination.²⁰ As part of the electronic CDR process, SSA developed an electronic appeals process to reduce the number of lost and unprocessed appeals. Also, in September 2010, SSA automated the process for terminating DI benefits.²¹

Despite SSA’s actions to resolve the issues associated with the untimely termination of benefits, we found that SSA continued improperly paying DI beneficiaries and SSI recipients following medical cessation determinations. In fact, we identified improperly paid DI beneficiaries and SSI recipients who had medical cessation determinations made after 2006 (see Table 3).

Table 3

| CY of Cessation Determinations for Improperly Paid DI Beneficiaries and SSI Recipients | | | | |
|---|-------------------------|----------------|-----------------------|----------------|
| CY of Cessation | DI Beneficiaries | | SSI Recipients | |
| | Number | Percent | Number | Percent |
| 2005 | 27 | 35% | 7 | 17% |
| 2006 | 18 | 24% | 4 | 10% |
| 2007 | 12 | 16% | 12 | 29% |
| 2008 | 6 | 8% | 5 | 12% |
| 2009 | 13 | 17% | 6 | 15% |
| 2010 | 0 | 0% | 7 | 17% |
| Total | 76 | 100% | 41 | 100% |

According to SSA, the automated processes did not always work because of systems limitations. For example, if an individual’s benefits were already suspended for another reason, automatic cessation would not occur. SSA employees were aware of these systems limitations and were to manually check cases to ensure the termination actions were accomplished. According to SSA, reduced resources and increased workloads may have prompted employees to rely on the system, rather than manually checking each case to ensure timely termination of benefits. Therefore, we recommend SSA enhance the processing system’s ability to perform automated terminations to ensure the timely termination of benefits following a medical cessation determination. In the meantime, SSA should remind employees to check cases to ensure termination actions are accomplished timely.

SSA’S IDENTIFICATION OF UNTIMELY BENEFIT TERMINATION FOLLOWING MEDICAL CESSATION DETERMINATIONS

SSA also took actions to identify DI beneficiaries and SSI recipients who continued receiving benefit payments after medical cessation determinations. In fact, SSA

²⁰ SSA, POMS, DI 81010.245 A (March 16, 2010)

²¹ Automating the process for terminating DI benefits appears to have reduced the number of untimely benefit terminations. We did not identify any DI beneficiaries whose benefits were terminated untimely and who had medical cessation determinations between October and December 2010.

identified 29,235 cases from November 2003 through June 2009.²² Once SSA determined potentially improper payments were being made following the medical cessation determinations, SSA sent the cases to each region for review and corrective action. SSA divided the 29,235 cases into 2 categories based on the date of the medical cessation determination:

1. 16,599 Uneffectuated Medical Cessations (UMC), which were those cases with a medical cessation determination made before January 1, 2006 and
2. 12,636 Overdue Medical Cessations, which were those cases with a medical cessation determination made on or after January 1, 2006.

Because of past practices and systems limitations, SSA could not confirm with absolute certainty that the required cessation notices had been sent to all affected beneficiaries and recipients with UMC cases. Therefore, DDSs had to conduct new CDRs for some UMC cases. However, while SSA tracked the outcome of all UMC cases, SSA did not collect management information on the number of new CDRs performed or the resulting determinations.²³

Since June 2009, SSA has not routinely identified cases where benefits were not terminated following medical cessation determinations. According to SSA, this was the result of resource limitations and other work priorities. SSA is identifying a component with the resources and systems knowledge available to resume identifying these cases. However, improper payments continue to be made to DI beneficiaries and SSI recipients whose benefits are not terminated timely following medical cessation determinations. Therefore, we recommend that SSA prioritize the identification of cases where disability benefit payments were not terminated following medical cessation determinations to minimize improper payments.

CONCLUSION AND RECOMMENDATIONS

We found 30 percent of DI beneficiaries and 16 percent of SSI recipients in our sample improperly received benefit payments following a medical cessation determination. These improper payments occurred, in part, because SSA lacked adequate controls and did not have automated systems for processing medical cessation determinations.

Since 2006, SSA has made changes to ensure fewer individuals received improper payments following a medical cessation determination. Specifically, SSA automated the CDR and payment termination processes to ensure benefits were terminated timely following medical cessation determinations. We believe these actions have helped

²² The medical cessation determinations on these cases were made from January 1986 through January 2009.

²³ Of the 16,599 UMC cases SSA identified, 4,644 received a continuance or allowance as of June 2009. However, SSA did not track whether the later determination was made after a new CDR, an appeal of the original medical cessation determination, or a new application for disability benefits.

reduce the number of DI beneficiaries and SSI recipients improperly paid following a medical cessation determination. However, despite these actions, SSA continues making improper payments to beneficiaries and recipients after their medical cessation determinations. Therefore, we recommend that SSA:

1. Enhance the ability of the processing system to perform automated terminations to ensure the timely termination of benefits following a medical cessation determination.
2. Remind employees to check cases to ensure termination actions are accomplished timely.
3. Prioritize the identification of cases where disability payments have not been terminated following medical cessation determinations to minimize improper payments.

AGENCY COMMENTS

SSA agreed with the recommendations. See Appendix D for the Agency's comments.



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Sampling Methodology and Results

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

| | |
|--------|---|
| Act | <i>Social Security Act</i> |
| CDR | Continuing Disability Review |
| C.F.R. | Code of Federal Regulations |
| CY | Calendar Year |
| DDS | Disability Determination Services |
| DI | Disability Insurance |
| POMS | Program Operations Manual System |
| OIG | Office of the Inspector General |
| OPSOS | Office of Public Service and Operations Support |
| SSA | Social Security Administration |
| SSI | Supplemental Security Income |
| UMC | Uneffectuated Medical Cessation |
| U.S.C. | United States Code |

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations and pertinent sections of the Program Operations Manual System related to continuing disability reviews and the cessation of benefit payments.
- Interviewed Social Security Administration (SSA) staff from the Office of Public Service and Operations Support (OPSOS) to obtain an understanding of the processes to terminate payments to Disability Insurance (DI) beneficiaries and Supplemental Security Income (SSI) recipients who received a medical cessation determination.
- Obtained a data file of 25,564 DI beneficiaries and 67,943 SSI recipients who received medical cessation determinations during Calendar Years 2005 through 2010 and received monthly benefit payments more than 2 months after the medical cessation determinations.
- Selected random samples of 250 DI beneficiaries and 250 SSI recipients.
- Analyzed information available in SSA's electronic systems—including the Master Beneficiary Record, Supplemental Security Record, Disability Determination Services Query, Case Processing Management System, Claims File Records Management System, Online Retrieval System, and electronic disability folder.¹

We conducted our audit in Kansas City, Missouri, in February and March 2012. We determined the data used for this audit were sufficiently reliable to meet our objective. The entity audited was OPSOS under the Office of the Deputy Commissioner for Operations. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

¹ We relied on the information contained in SSA's systems and did not determine whether the information was accurate.

Sampling Methodology and Results

DISABILITY INSURANCE BENEFICIARIES

We identified a population of 25,564 Disability Insurance (DI) beneficiaries who received medical cessation determinations during Calendar Years (CY) 2005 through 2010 and received monthly benefit payments more than 2 months after the medical cessation determination.¹ From the population, we selected a random sample of 250 beneficiaries for review.

Our analysis of 250 beneficiaries identified 76 beneficiaries who, along with any auxiliaries, improperly received payments after their medical cessation determinations totaling \$478,350. The following tables reflect the sample results and projections based on our audit.

Table C-1

| Population and Sample Size | |
|-------------------------------|--------------|
| Beneficiaries in Population | 25,564 |
| Beneficiaries in Sample | 250 |
| Number of Cases | |
| Cases Identified in Sample | 76 |
| Point Estimate | 7,771 |
| Lower Limit – Quantity | 6,553 |
| Upper Limit – Quantity | 9,079 |
| Payments Identified in Sample | \$478,350 |
| Point Estimate | \$48,914,188 |
| Projection Lower Limit | \$30,669,446 |
| Projection Upper Limit | \$67,158,930 |

All projections provided at the 90-percent confidence level.

In addition, we found that the Social Security Administration (SSA) had assessed \$288,422 in overpayments for 58 (76 percent) of the 76 beneficiaries who were improperly paid.

¹ We identified beneficiaries who received a payment in the third month after the cessation determination since beneficiaries are allowed to receive benefits for the month of cessation and the following 2 months. SSA, POMS, DI 28001.001 B (November 7, 2002).

Table C-2

| Cases with Overpayments Assessed | |
|---|--------------|
| Beneficiaries in Population | 25,564 |
| Beneficiaries in Sample Size | 250 |
| Number of Cases | |
| Cases Identified in Sample | 58 |
| Point Estimate | 5,931 |
| Lower limit – Quantity | 4,828 |
| Upper Limit – Quantity | 7,156 |
| Payments Identified in Sample | \$288,422 |
| Point Estimate | \$29,492,921 |
| Projection Lower Limit | \$17,593,698 |
| Projection Upper Limit | \$41,392,144 |

All projections provided at the 90-percent confidence level.

SUPPLEMENTAL SECURITY INCOME RECIPIENTS

We identified a population of 67,943 Supplemental Security Income (SSI) recipients who received medical cessation determinations during CYs 2005 through 2010 and received monthly benefit payments in the third month after the medical cessation determination.² From the population, we selected a random sample of 250 recipients for review.³

Our analysis of 250 recipients identified 41 who improperly received payments after the medical cessation determinations totaling \$127,569. The following tables reflect the sample results and projections based on our audit.

² We identified recipients who received a payment in the third month after the cessation determination since recipients are allowed to receive payments for the month of cessation and the following 2 months. SSA, POMS, DI 28001.001 B (November 7, 2002).

³ During our review, we found one SSI recipient who did not receive a payment more than 2 months after the medical cessation determination. On further research, we found that the recipient's spouse received an SSI payment on the date in question. Further, we found that our population of 67,943 SSI recipients included 617 recipients with spouses who also received SSI. We reviewed a random sample of 50 recipients and found 12 recipients who did not receive a payment more than 2 months after the medical cessation determination, but the spouse did receive a payment. Therefore, we estimated there were 148 recipients in our SSI population that did not have a payment more than 2 months after the medical cessation determination. However, this small number of discrepant cases was immaterial for the purposes of our review. Therefore, we replaced the sample item.

Table C-3

| Population and Sample Size | |
|-----------------------------------|--------------|
| Beneficiaries in Population | 67,943 |
| Beneficiaries in Sample | 250 |
| Number of Cases | |
| Cases Identified in Sample | 41 |
| Point Estimate | 11,143 |
| Lower Limit – Quantity | 8,608 |
| Upper Limit – Quantity | 14,090 |
| Associated Dollar Amount | |
| Payments Identified in Sample | \$127,569 |
| Point Estimate | \$34,669,747 |
| Projection Lower Limit | \$11,661,160 |
| Projection Upper Limit | \$57,678,335 |

All projections provided at the 90-percent confidence level.

In addition, we found that SSA had assessed \$51,189 in overpayments for 21 of the 41 recipients (51 percent) who were improperly paid.

Table C-4

| Cases with Overpayments Assessed | |
|---|--------------|
| Beneficiaries in Population | 67,943 |
| Beneficiaries in Sample | 250 |
| Number of Cases | |
| Cases Identified in Sample | 21 |
| Point Estimate | 5,707 |
| Lower Limit – Quantity | 3,875 |
| Upper Limit – Quantity | 8,061 |
| Associated Dollar Amount | |
| Payments Identified in Sample | \$51,189 |
| Point Estimate | \$13,911,821 |
| Projection Lower Limit | \$6,740,726 |
| Projection Upper Limit | \$21,082,916 |

All projections provided at the 90-percent confidence level.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: September 21, 2012 **Refer To:** SIJ-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Dean S. Landis /s/
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Termination of Disability Benefits Following a Continuing Disability Review Cessation Determination" (A-07-12-11211)—INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Amy Thompson at (410) 966-0569.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“TERMINATION OF DISABILITY BENEFITS FOLLOWING A CONTINUING
DISABILITY REVIEW CESSATION DETERMINATION” (A-07-12-11211)**

Recommendation 1

Enhance the ability of the processing system to perform automated terminations to ensure the timely termination of benefits following a medical cessation determination.

Response

We agree.

Recommendation 2

Remind employees to check cases to ensure termination actions are accomplished timely.

Response

We agree.

Recommendation 3

Prioritize the identification of cases where disability payments have not been terminated following medical cessation determinations to minimize improper payments.

Response

We agree.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Mark Bailey, Director, Kansas City Audit Division

Tonya Eickman, Audit Manager

Acknowledgments

In addition to those named above:

Karis Crane, Auditor

Brennan Kraje, Statistician

Charles Zaepfel, IT Specialist

For additional copies of this report, please visit our web site at <http://oig.ssa.gov/> or contact the Office of the Inspector General's Public Affairs Staff at (410) 965-4518. Refer to Common Identification Number A-07-12-11211.

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Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

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OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.