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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**PHASE 6 OF THE  
SOCIAL SECURITY ADMINISTRATION'S  
SPECIAL DISABILITY WORLOAD**

May 2007

A-13-07-27123

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**AUDIT REPORT**

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## **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.**



# SOCIAL SECURITY

## MEMORANDUM

Date: May 18, 2007

Refer To:

To: The Commissioner

From: Inspector General

Subject: Phase 6 of the Social Security Administration's Special Disability Workload (A-13-07-27123)

## OBJECTIVE

Our objective was to assess the Social Security Administration's (SSA) actions pertaining to Phase 6 claimant cases. The review was in response to an issue raised by an employee regarding the inclusion of certain claimant cases in the on-going Special Disability Workload (SDW) effort.

## BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs under Titles II and XVI of the *Social Security Act*, respectively. The OASDI program provides benefits to qualified retired and disabled workers and their dependents as well as to survivors of insured workers.<sup>1</sup> The SSI program provides payments to individuals who have limited income and resources and who are either age 65 or older, blind or disabled.<sup>2, 3</sup>

Section 1611(e)(2) of the *Social Security Act*<sup>4</sup> requires that SSI recipients who have been identified as likely to be eligible for OASDI benefits file for those benefits. When SSA identifies an SSI recipient who may be eligible for OASDI benefits, SSA notifies the individual of his or her likely eligibility and the requirement to file for OASDI benefits.

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<sup>1</sup> *Social Security Act* § 201 *et seq.*, 42 U.S.C. § 401 *et seq.*

<sup>2</sup> To be eligible for SSI payments, the individual must also (1) be a U.S. resident; (2) be a U.S. citizen or an eligible noncitizen; and (3) meet certain income and resource limits.

<sup>3</sup> *Social Security Act* § 1601 *et seq.*, 42 U.S.C. § 1381 *et seq.*

<sup>4</sup> 42 U.S.C. § 1382(e)(2).

SSA has identified a group of SSI disability recipients who appear to be insured but are not receiving Title II disability insurance benefits (DIB). In January 2006, we reported<sup>5</sup> that, as of November 2004, SSA had identified approximately 466,000 SSI recipients who appeared to be insured for OASDI benefits based on their own earnings but were not receiving such benefits. The Agency categorized these individuals as SDW cases. SSA is reviewing the SDW cases in phases. Based on information reported on the Agency's "Special Title II Disability Workload" website, as of November 20, 2006, the phases of SDW case review were as follows.

- Individuals initially identified in July 1999 as SDW cases are classified as "Phase 1-QCI [Quarters of Coverage Indicator code] Z."
- Individuals with processing limitations in the "normal insured status screening process" are classified as "Phase 2-QCI P."
- Individuals considered potentially insured for DIB are classified as "Phase 3-QCI D."
- Individuals receiving Title II auxiliary/survivor benefits and are considered potentially entitled to higher Title II benefit payments are classified as "Phase 4-QCI H."
- Individuals who received reduced Title II retirement insurance benefits but may be eligible for an "unreduced" DIB are classified as "Phase 5-QCI M."
- Individuals who once received SSI but whose SSI records are likely in a terminated status are classified as "Phase 6-QCI T" – (commonly referred to as Phase 6 cases).

SSI recipients classified as Phase 6 cases may be eligible for OASDI benefits. However, an employee raised an issue regarding inclusion of certain cases in the Phase 6 review. The employee stated that over 90 percent of the Phase 6 cases for SDW were erroneous and could be removed from SDW by computer screening. Based on the employee's analysis of 9,385 Phase 6 cases "...91.6% -- were receiving DIB at the time of death." Further, it was stated, "This fact alone should have eliminated these cases from selection for the SDW." The employee indicated SDW cadres<sup>6</sup> are wasting Agency resources by continuing to review the Phase 6 claimant cases.

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<sup>5</sup> *The Social Security Administration's Identification of Special Disability Workload Cases (A-13-05-15028).*

<sup>6</sup> SSA defines the term as a team of regional experts established to initiate and review entitlement in cases.

## RESULTS OF REVIEW

We assessed SSA actions pertaining to Phase 6 of the SDW claimant cases. SSA reported in its July 2004 policy memorandum<sup>7</sup> approximately 9,400 cases would be "...posted to the SDW website and identified as Phase 6. . . . These are individuals who have received SSI, but are now in a terminated status on the [Supplemental Security Records] SSR. There is an indication that these individuals may be eligible for DIB or [Retirement Insurance Benefit] RIB benefits. Some of these individuals may now be deceased. The SSR is not yet marked with a QCI indicator."

The Agency employee provided us an electronic data extract of information for our review. We confirmed the data extract consisted of 9,385 claimant cases and was obtained from SSA's Special Title II Disability Workload website in October 2004. The employee stated 8,592 (91.6 percent) of the cases in the data extract were incorrectly included in Phase 6 of the SDW, and the remaining 793 cases were correctly included in Phase 6 of SDW. Further, the employee described the 8,592 individuals as deceased recipients who were receiving DIB at the time of death and therefore incorrectly included in SDW. To determine whether the 8,592 claimant cases had these characteristics, we randomly selected 50 claimant cases for review. See Appendix B for more information.

For the 50 claimant cases, we examined information recorded as of December 2006 in SSA's Master Beneficiary (MBR) and Supplemental Security (SSR) Records. Our review found all 50 MBRs had coding indicating these individuals were deceased and were receiving Title II payments at the time of death. These individuals were receiving either DIB or RIB<sup>8</sup> under Title II. Further, all SSRs had coding indicating (1) terminated payment status and (2) being potentially OASDI insured. The records had the same "QCI D" coding used for the SDW Phase 3 category of cases.

On January 10, 2007, we discussed the results of our analysis with staff from SSA's Office of Quality Performance. Although the total number of claimant cases had changed since October 2004, Agency staff reported Phase 6 claimant cases still totaled about 9,400. Staff explained the Office of Quality Performance learned in June 2004 most of the cases categorized as Phase 6 were deceased recipients who had received either DIB or RIB. Agency staff stated these cases were incorrectly included in Phase 6 of the SDW.

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<sup>7</sup> Administrative Message – 04096, Selection of New SDW Cases and Changes to the SDW Look-Alike Criteria, July 9, 2004.

<sup>8</sup> These individuals received RIB because their DIB payments were automatically converted to RIB when they reached retirement age of 62.

In November 2003, instructions were provided to Regional Commissioners to process SDW claimant cases "in Phase order." Staff explained the cadres were supposed to be reviewing Phase 1 SDW cases. However, as of January 2007, SSA staff stated there were cadres reviewing Phase 6 cases. Staff acknowledged the cadres should not have been reviewing most of these cases.

After our discussions with Agency staff, 8,567 claimant cases were removed from the Phase 6 of the SDW category as identified on the Agency's Special Title II Disability Workload website. Of the 867 Phase 6 cases remaining on the website, the cadres had reviewed 839. The other 28 cases were included in the Office of Quality Performance's study of terminated cases. Agency staff stated the criteria for SDW Phase 6 case selection will be re-evaluated.

## **CONCLUSION AND RECOMMENDATIONS**

Most of the claimant cases previously categorized as Phase 6 cases were incorrectly included in Phase 6 of the SDW. However, SSA had taken action to significantly reduce the number of cases it categorized as Phase 6 and had plans to re-evaluate criteria it uses for SDW Phase 6 case selection. By reducing the number of claimant cases, the Agency has taken action to prevent use of its limited resources on cases that were incorrectly included in the Phase 6 of the SDW.

We recommend SSA take action to ensure existing policies and procedures are followed when processing SDW cases.

## **AGENCY COMMENTS**

SSA agreed with our recommendation. The text of SSA's comments is included in Appendix C.



Patrick P. O'Carroll, Jr.

# *Appendices*

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Agency Comments

[APPENDIX D](#) – OIG Contacts and Staff Acknowledgments

## Acronyms

DIB	Disability Insurance Benefits
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
POMS	Program Operations Manual System
QCI	Quarters of Coverage Indicator
RIB	Retirement Insurance Benefits
SDW	Special Disability Workload
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
U.S.C.	United States Code



# Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable Federal law and regulations, pertinent parts of the Social Security Administration's (SSA) Program Operations Manual System and other criteria relevant to the Old-Age, Survivors and Disability Insurance and Supplemental Security Income programs.
- Interviewed Agency staff from the Office of Quality Performance.
- Reviewed prior Office of the Inspector General reports.

We obtained an electronic data extract of 9,385 Special Disability Workload (SDW) Phase 6 claimant cases dated October 2004. During our review, we confirmed the data extract consisted of 9,385 claimant cases and was obtained from SSA's Special Title II Disability Workload website in October 2004. The employee stated 91.6 percent of the cases (8,592 cases) in the data extract were incorrectly included in the Phase 6 SDW, and the remaining 793 cases were correctly included in Phase 6 SDW. Further, the employee described the 8,592 individuals as deceased recipients who were receiving disability insurance benefits at the time of death and therefore incorrectly included in SDW. To determine whether the 8,592 claimant cases had these characteristics, we randomly selected 50 claimant cases for review. We obtained the Master Beneficiary and Supplemental Security Records and reviewed recipients' date of

- death,
- initial entitlement,
- current entitlement,
- suspension or termination,
- receipt of full retirement benefits,
- entitlement to disability insurance benefits, and
- disability onset.

We conducted our review from November 2006 through January 2007 in Baltimore, Maryland. We determined the data used in this report were sufficiently reliable given our review objectives and the intended use of the data. The electronic data used in our review were primarily extracted from the Agency's Special Title II Disability Workload website. We assessed the reliability of the electronic data by reviewing all the data elements needed to meet our objective. We also traced information from the data extract to the Master Beneficiary and Supplemental Security Records. The entity reviewed was the Office of Quality Performance. We conducted our review in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** May 2, 2007 **Refer To:** S1J-3

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

**From:** Larry W. Dye /s/

**Subject:** Office of the Inspector General (OIG) Draft Report, "Phase 6 of the Social Security Administration's Special Disability Workload" (A-13-07-27123)—INFORMATION

We appreciate OIG's efforts in conducting this review. Our comment on the draft report content and recommendation is attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at 410 965-4636.

Attachment:  
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG DRAFT REPORT), "PHASE 6 OF THE SOCIAL SECURITY ADMINISTRATION'S SPECIAL DISABILITY WORKLOAD" (A-13-07-27123)**

Thank you for the opportunity to review and comment on the draft report. We appreciate the report's acknowledgement that the Social Security Administration took action to remove erroneous cases from the Special Disability Workload (SDW) website. The removal of the erroneous cases will prevent the use of our limited resources on cases that should not have been included in the phase 6 SDW pool.

**Recommendation 1**

The Social Security Administration should take action to ensure existing policies and procedures are followed when processing SDW cases.

Response

We agree. On April 19, 2007 a telephone conference with the SDW Regional Coordinators was held. During that call, staff members were reminded to ensure existing policies and procedures are followed when processing SDW cases.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Shirley E. Todd, Director, General Management Audit Division (410) 966-9365

Lance Chilcoat, Audit Manager, General Management (410) 965-9743

### ***Acknowledgments***

In addition to those named above:

Tracey Edwards, Senior Auditor

Melinda Lockhart, Senior Auditor

For additional copies of this report, please visit our web site at [www.socialsecurity.gov/oig](http://www.socialsecurity.gov/oig) or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-13-07-27123.

## **DISTRIBUTION SCHEDULE**

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Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

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Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

# **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Resource Management (ORM). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

## **Office of Audit**

OA conducts and/or supervises 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 and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

## **Office of Investigations**

OI conducts and coordinates investigative activity 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 OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

## **Office of the Chief Counsel to the Inspector General**

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG 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. Finally, OCCIG administers the Civil Monetary Penalty program.

## **Office of Resource Management**

ORM supports OIG by providing information resource management and systems security. ORM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, ORM is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.