

# Report Summary

Social Security Administration Office of the Inspector General

May 2009



## Objective

To determine the risks, if any, to the Social Security Administration's (SSA) Disability Insurance (DI) Trust Fund due to allegations related to Railroad Retirement Board (RRB) disability claims from Long Island Rail Road employees.

## Background

The RRB provides railroad workers with two types of disability benefits—occupational (funded by RRB) and permanent (funded by RRB and SSA through the Financial Interchange). Occupational disability benefits are paid to workers who are unable to perform their regular railroad occupations. Permanent disability benefits are paid to workers who are totally disabled for all types of employment. For Fiscal Year 2007, SSA transferred approximately \$418 million from the DI Trust Fund to the RRB trust fund. We initiated this audit after learning of allegations concerning RRB's occupational disability program.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-05-09-29119.pdf>

## **Quick Response Evaluation: Processing of Railroad Worker Disability Claims (A-05-09-29119)**

### Our Findings

We found the risk to SSA's DI Trust Fund depends on the controls in the SSA and RRB disability review processes. Stronger program oversight and improved policies and procedures could help mitigate the risk to the DI Trust Fund. Such controls are important since RRB and SSA initially rely on the same medical evidence submitted as part of the occupational disability process. Moreover, SSA does not review all of the permanent disability decisions made by RRB, but rather a 1-percent sample of cases related to the Financial Interchange. Both SSA and RRB review these sample cases.

In our review, we found contradictory policies regarding SSA's performance of quality assurance reviews of railroad workers' claims at the Program Service Center. In addition, we found the Financial Interchange sample data had not been reviewed by SSA for about 7 years and no schedule for periodic reviews had been established by the Agency. Moreover, the disability Memorandum of Understanding (MOU) between SSA and RRB had not been modified since 1987, and portions were not being followed. An MOU covering the Financial Interchange process would also be useful. We also found SSA's Program Operations Manual System describing the processing of railroad claims was out of date. Finally, while RRB has changed the occupational disability review process because of the allegations, at the time of our review, RRB had not modified the permanent disability review process.

### Matters for Consideration

We believe SSA could improve the underlying policies and procedures to ensure they are well documented, adhered to, and periodically reviewed by the two agencies. Moreover, we believe SSA should consider increased oversight of the SSA/RRB disability determination and Financial Interchange processes to ensure consistency and accuracy between the two agencies. SSA management noted the Agency is initiating steps in a number of these areas to improve the overall process.