

# Accuracy of the Determination of Workers' Compensation Offset During Disability Insurance Claims Processing

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Office of Audit Report Summary

### Objective

To assess the accuracy of the Social Security Administration's (SSA) determination of Workers' Compensation (WC) and Public Disability Benefit (PDB) offset during Disability Insurance (DI) claims processing.

### Background

When beneficiaries receive both DI and WC/PDB, SSA must reduce, or offset, their DI payments to ensure the combined amount of DI and WC/PDB does not exceed whichever is greater of (1) 80 percent of their average current earnings or (2) the total family benefits.

During DI claims processing, SSA staff should obtain WC/PDB information, verify WC/PDB payments, retain WC/PDB documents, and remind beneficiaries of their responsibility to report WC/PDB payments to SSA. SSA systems calculate DI payments based on WC/PDB information entered by SSA staff. Incomplete and inaccurate WC/PDB information can cause improper payments.

From 1 segment of the Master Beneficiary Record, we identified 4,558 beneficiaries awarded DI benefits in Calendar Year 2014 who indicated they had filed, or intended to file, for WC/PDB. From this population, we reviewed a random sample of 200 cases.

### Findings

SSA did not always accurately determine WC/PDB offset during DI claims processing. Of the 200 cases in our review, SSA

- did not obtain sufficient information for 60 beneficiaries' WC/PDB claims and/or payments before it processed their DI claims;
- obtained sufficient WC/PDB information for 43 beneficiaries but did not accurately enter it into SSA's records; and
- did not retain the documents that supported the WC/PDB information entered for 6 beneficiaries.

Additionally, SSA did not always provide required printed reminders to beneficiaries of their responsibility to report changes to their WC/PDB payments to SSA.

The insufficient information and inaccurate records caused SSA to improperly pay 25 beneficiaries \$266,929—\$207,941 in underpayments and \$58,988 in overpayments. Based on these results, we estimate 11,400 beneficiaries were under- and overpaid \$121.7 million because SSA did not properly offset their DI benefits when it processed their DI claims.

SSA subsequently detected the improper payments in 15 of the 25 cases after it processed the DI claim. In one additional case, SSA detected some, but not all, of the improper payments. For the remaining nine cases, SSA did not detect the improper payments. Although SSA found many of the improper payments, the errors that occurred when it processed the DI claims still had negative effects, including SSA's inability to recover some of the resulting overpayments.

### Recommendations

We made five recommendations, including that SSA review the erroneous cases we identified and take appropriate actions to improve the accuracy of WC/PDB offset determinations during DI claims processing.

SSA agreed with our recommendations.