

Beneficiaries Who Worked After Their Disability Onset Dates and Before Favorable Hearing Decisions

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) appropriately addressed Old-Age, Survivors and Disability Insurance (OASDI) claimants' earnings after their disability onset dates and before favorable hearing decisions.

Background

To qualify for disability benefits, an individual must have a medical condition that prevents him/her from engaging in substantial gainful activity (SGA) and is expected to last at least 12 months or result in death. SGA is the performance of significant physical and/or mental activities in work for pay or profit. Generally, individuals who engage in SGA are not considered disabled, regardless of how severe their physical or mental impairment is and their age, education, or work experience. If SSA initially denies an applicant's claim, he/she may request a hearing before an administrative law judge (ALJ).

We identified 35,845 beneficiaries who had multiple years of earnings after their disability onset dates but before favorable hearing decisions, and the earnings in at least 1 of the years after the onset of their disabilities exceeded 12 times the monthly SGA limit.

Findings

SSA did not always address SGA-level earnings OASDI claimants earned after their disability onset dates and before favorable hearing decisions. In some cases, ALJs discussed the earnings during the hearings but did not include the results of those discussions in their written decisions. In other cases, the ALJs did not address the earnings during the hearings or in their written decisions, but another SSA component did so after the hearings. In other cases, neither ALJs nor other SSA components addressed SGA-level earnings after applicants' reported disability onset dates.

This latter group of cases led to over \$684,000 in improper payments because SSA awarded benefits before the dates the applicants should have been determined disabled. Projecting our results to the population, SSA did not appropriately address SGA-level earnings nearly 4,000 OASDI applicants earned after their disability onset dates and before favorable hearing decisions, which resulted in improper payments of over \$109 million.

In a previous audit, we found SSA improperly paid SSI recipients because it did not always address earnings on the recipients' records after their disability onset dates and before favorable hearing decisions. Based on the results of this review, we believe the Agency encountered similar issues with OASDI disability claimants. SSA missed the opportunity to use information at its disposal to prevent improper payments.

Recommendations

We made five recommendations, including to remind staff to refer to appropriate policy to identify and address earnings applicants earned after disability onset and before their hearing decisions, review the cases with above SGA-level earnings OASDI applicants earned after disability onset that the Agency did not address, and determine the cost-effectiveness of establishing a system alert to detect potentially disqualifying earnings within 12 months of an applicant's disability onset.

SSA agreed with our recommendations.