

Appropriateness of Actions Taken on Pending Workers' Compensation Cases

A-05-18-50627



October 2019

Office of Audit Report Summary

Objective

To determine the appropriateness of program service center (PSC) actions taken on workers' compensation (WC) cases that were pending at the end of Fiscal Year (FY) 2017.

Background

WC is a payment made under a Federal, State, or local law to a worker because of a work-related injury, illness, or disease. The *Social Security Act* requires that the Social Security Administration (SSA) reduce Disability Insurance (DI) benefits for most individuals who receive WC payments. When an individual receives DI benefits, SSA determines whether it should reduce those benefits because of WC. If the beneficiary's WC claim is pending when SSA approves DI benefits, the beneficiary must report to SSA the subsequent receipt of WC payments. SSA policies and procedures require that PSCs follow up on WC issues until they are resolved. SSA's system generates a one-time alert to remind staff to follow up on pending WC cases. PSC employees establish subsequent followups manually.

At the end of FY 2017, PSCs had 74,480 WC cases pending for 65,214 disability beneficiaries. We selected a sample of 200 cases to determine whether PSCs appropriately reduced DI benefits, when necessary, based on beneficiaries' WC payments.

Findings

Of the 200 sample cases we reviewed, PSCs did not take appropriate action to process 35, which resulted in improper payments. This included approximately \$242,000 in overpayments and \$285,000 in underpayments.

While reviewing the 35 WC cases, we found PSCs did not follow SSA's policy and procedures, including not properly evaluating WC documentation or taking required actions to reduce DI benefits following the WC determination. Additionally, PSCs did not provide consistent training for processing WC workloads.

Based on our sample results, we estimate that—of the 74,480 WC cases that were pending at the end of FY 2017—PSCs did not appropriately process 12,662 (17 percent), which resulted in approximately \$151 million in improper payments.

Agency Actions Resulting from the Audit

In January 2019, we provided SSA the 35 WC cases we identified on which PSCs had not taken appropriate action. As of April 2019, SSA had taken action on seven cases, including six cases we referred that had not been processed at all and one SSA corrected when it addressed an unrelated event. Therefore, we did not recommend further actions for these cases.

In addition, during our audit, SSA prepared a national refresher training guide. In its comments to this audit report, SSA stated that all PSC employees who work on WC offset cases completed this refresher training by September 30, 2019. Therefore, we did not make a recommendation concerning the inconsistency in training among PSCs for WC workloads.

Recommendation

We recommended SSA correct the remaining 28 WC cases we identified with improper payments.

SSA agreed with our recommendation.