

Work Continuing Disability Reviews for Disabled Title II Beneficiaries with Earnings

A-01-12-12142



May 2014

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) was evaluating earnings reported to the Master Earnings File (MEF) for disabled individuals receiving Title II benefits.

Background

An individual is considered disabled under Title II of the *Social Security Act* if he/she is unable to engage in any substantial gainful activity (SGA) because of a medically determinable impairment that (1) can be expected to result in death or (2) has lasted (or can be expected to last) for a continuous period of at least 12 months.

SSA defines SGA as work activity that involves significant physical or mental activities performed for pay or profit.

For our review, we identified 27,383 disabled Title II beneficiaries in current pay status as of July 2012 (from 1 Social Security number segment) with earnings reported on the MEF between 2007 and 2011 that may affect their entitlement to benefits. We randomly selected 275 cases from this population for detailed analysis.

Our Findings

We estimate that about 119,500 disabled beneficiaries were overpaid approximately \$1.02 billion because of work activity. SSA identified approximately \$872.58 million of these overpayments to about 107,500 beneficiaries; however, we estimate SSA did not detect approximately \$146.43 million in overpayments to about 13,900 beneficiaries. (We estimate that, as of April 2014, SSA recovered about \$489.37 million in overpayments.)

Of the 275 beneficiaries in our sample,

- 60 (22 percent) were overpaid \$511,680 because of work activity; and
- 215 (78 percent) were not overpaid despite having earnings posted to the MEF.

Our Conclusion

Despite the overpayments, SSA made improvements to the work-related continuing disability review (CDR) process. The average overpayment was \$8,114 for 9 months (whereas the average overpayment was \$18,331 for 19 months in our 2009 audit). Therefore, SSA should continue allocating resources to timely perform work-related CDRs and assess all overpayments resulting from work activity.