

# Accuracy of Disability Benefits to Beneficiaries Who Also Received Federal Employees' Compensation Act Payments

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Office of Audit Report Summary

### Objective

To determine the accuracy of Social Security disability benefits paid to beneficiaries who also received *Federal Employees' Compensation Act* (FECA) payments.

### Background

FECA is a type of workers' compensation payment administered by the Department of Labor (DOL). When a beneficiary receives both Social Security Disability Insurance (DI) and FECA payments, SSA must reduce the DI benefits for the beneficiary and his/her family to ensure the combined DI benefits and FECA amounts do not exceed the higher of 80 percent of the beneficiary's average current earnings or the total family benefit.

SSA systems calculate DI benefits based on FECA information entered by SSA staff when the DI claim is processed and recalculate them when staff input FECA payment changes. Incomplete, inaccurate, and untimely updates of records for FECA payment changes can cause improper payments.

We identified from 1 segment of the Master Beneficiary Record, 763 DI beneficiaries whose Master Beneficiary Records had coding that indicated they likely had a FECA claim or FECA payments. From this population, we reviewed a random sample of 100 cases.

### Findings

Of the 100 sampled beneficiaries, 88 had received FECA payments or filed a FECA claim. In 65 cases, the beneficiaries concurrently received DI and FECA payments. We found SSA staff entered incomplete and inaccurate FECA information into SSA's systems when beneficiaries' DI claims were processed and their records updated.

In many cases, FECA payments changed after the beneficiaries began receiving DI benefits, but we found SSA updated its records infrequently, sometimes months or years after a change, and sometimes not at all. In many cases, these errors resulted in improper payments.

We identified total improper payments of about \$853,000 for 39 of the 65 DI beneficiaries who were receiving concurrent FECA payments. Specifically, SSA overpaid 28 beneficiaries about \$797,000 and underpaid 11 beneficiaries about \$56,000. Based on these results, we estimate SSA improperly paid 5,960 beneficiaries approximately \$130 million because it did not properly offset their DI benefits for their FECA payments.

### Recommendations

We made 5 recommendations including that SSA develop the 39 improper payment cases we identified. SSA agreed with four of the five recommendations.