

Informational Report

Supplemental Security Income
Disability Applications Pending
Longer Than 1 Year at the Social
Security Administration

MEMORANDUM

Date: February 14, 2017 **Refer To:**

To: The Commissioner

From: Acting Inspector General

Subject: Supplemental Security Income Disability Applications Pending Longer Than 1 Year at the Social Security Administration (A-01-16-50060)

The attached final report presents the results of the Office of Audit's review. The Office reviewed disability applications that took the Social Security Administration longer than 1 year to process.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, at 410-965-9700.


Gale Stallworth Stone

Attachment

Supplemental Security Income Disability Applications Pending Longer Than 1 Year at the Social Security Administration

A-01-16-50060



February 2017

Office of Audit Report Summary

Background

Prior reviews identified individuals who applied for Supplemental Security Income (SSI) disability payments, but the Social Security Administration (SSA) field office had not completed processing the claims for longer than 1 year. Generally, SSA processes SSI initial claims in 3 to 4 months.

We conducted this review to determine whether SSI disability applications were pending longer than 1 year at SSA.

We obtained a file from the Supplemental Security Record as of March 2015 with (a) SSI claims having a payment status code indicating no determination and (b) a date of filing before March 2014.

Summary

We identified six individuals whose SSI disability claims were not processed even though the claims were filed more than 1 year earlier. Our 2 prior reports identified 1,888 individuals who received about \$19.3 million in past-due disability benefits because SSA allowed their claims but never paid them. Comparing our current work to our two prior reviews, SSA has shown improvement in ensuring that disability claims were processed.

For the six individuals we identified in our current review, as of February 2017,

- four individuals' SSI disability claims had been denied;
- one individual's Disability Insurance claim had been allowed, and SSA continued processing her SSI claim; and
- one individual received \$4,404 of a \$4,757 SSI disability underpayment he was due.

Additionally, we identified 161 SSI claims that were processed, but processing took longer than 1 year—primarily because the claimants did not cooperate with SSA.

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ABBREVIATIONS

C.F.R.	Code of Federal Regulations
DDS	Disability Determination Services
DI	Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

BACKGROUND

Prior reviews identified individuals who applied for Supplemental Security Income (SSI) disability payments but whose claims were not referred to the disability determination services (DDS), and the Social Security Administration's (SSA) field offices had not completed their processing of the claims for longer than 1 year. Generally, SSA processes SSI initial claims in 3 to 4 months.¹ We conducted this review to determine whether SSI disability applications were pending longer than 1 year at SSA.

The Disability Process

To receive SSI disability payments or Disability Insurance (DI) benefits,² an individual must file an application with SSA. SSA field office staff determines whether the applicant meets the non-medical criteria for disability;³ and the State DDS makes the disability determination. Once the DDS makes a determination, it sends the claim to the SSA field office for final processing.⁴

SSA receives 2 to 3 million new disability claims a year. Table 1 shows the number of initial disability determinations the DDS made in Fiscal Year 2015. Generally, SSA processes SSI initial claims in 3 to 4 months and initial DI claims in 2 to 3 months.⁵

¹ An individual is considered disabled under the *Social Security Act* if he/she cannot engage in any substantial gainful activity 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 substantial gainful activity as work that involves significant physical or mental activities performed for pay or profit. For Calendar Year 2016, SSA generally considered earnings of \$1,130 per month to reflect substantial gainful activity for non-blind individuals. 20 C.F.R. §§ 404.1572 and 416.972. SSA, POMS, DI 10501.001 (January 5, 2007) and DI 10501.015 B (October 15, 2015).

² *Social Security Act*, § 1611 *et seq.* and § 223 *et seq.*, 42 U.S.C. § 1382 *et seq.* and § 423 *et seq.*

³ For SSI payments, the non-disability criteria include such factors as limited income and resources. For DI benefits, the non-disability criteria include such factors as sufficient earnings.

⁴ If a claimant disagrees with the initial determination, in some States, he/she can file an appeal for reconsideration within 60 days of the date SSA notifies him/her of the determination. A reconsideration involves a thorough review of all evidence from the initial determination and any new evidence. 20 C.F.R. §§ 416.1407 through 416.1422. SSA, POMS, DI 27001.001 (June 3, 2016). In prototype States, the reconsideration step has been eliminated, and the first step in the appeals process is a hearing at the Office of Disability Adjudication and Review. SSA, POMS, DI 12015.100 (January 15, 2014).

⁵ Some claims may be processed quicker under SSA's Quick Disability Determination initiative and its Compassionate Allowance initiative.

Table 1: Initial Disability Determinations for Fiscal Year 2015

Type of Claim	Allowances	Denials	Total
SSI	350,381	688,862	1,039,243
DI	376,947	591,396	968,343
Concurrent ⁶	153,614	516,670	670,284
Total	880,942	1,796,928	2,677,870

SSA tracks SSI claims using its Modernized SSI Claims System; and it tracks DI claims through its Modernized Claims System. The claims systems allow SSA field office staff to take and process initial claims applications and post-eligibility events.⁷ The claims systems can do the following.

- Show identifying and contact information for each claimant.
- Record information about
 - receipt of claims and issues to resolve;
 - appeal requests;
 - transfers or case folder movement; and
 - reminders to follow-up on claim issues not resolved.
- Prevent premature clearance of cases.

Prior OIG Work

- In a July 2010 report, we identified 41 individuals whose disability claims SSA allowed; however, SSA never paid the individuals. As a result of this audit, these individuals received past-due benefits totaling \$814,862.⁸
- In a June 2011 report, we identified 1,847 individuals whose claims SSA needed to process.⁹ As a result of this audit, SSA paid \$18.5 million in past-due benefits to the individuals.

⁶ A concurrent claim is when an individual files an application for both SSI and DI.

⁷ Not all disability claims are processed through SSA's claims system.

⁸ SSA, OIG, *Disability Insurance and Supplemental Security Income Claims Approved in 2006 But Not Paid* (A-01-10-11009), July 2010.

⁹ SSA, OIG, *Disability Insurance and Supplemental Security Income Allowed But Not Paid* (A-01-10-10177), June 2011.

Methodology

To conduct our current review, we obtained a file from the Supplemental Security Record as of March 2015 and identified individuals with (a) a payment status code indicating no determination of their SSI claims and (b) a date of filing before March 2014. See Appendix A for our scope and methodology.

CURRENT CLAIMS NOT PROCESSED COMPARED TO PRIOR OIG WORK RELATED TO CLAIMS NOT PROCESSED

We identified six individuals whose SSI disability claims had not been processed as of December 2015, even though the claims were filed more than 1 year earlier. Our 2 prior reports identified 1,888 individuals whose disability claims SSA allowed; however, SSA never paid the individuals. As a result of our audits, these individuals received \$19.3 million in past-due disability benefits, see Table 2. Comparing our current work to our two prior reviews, SSA has shown improvement in ensuring that disability claims were processed.

Table 2: Cases Not Processed by SSA—Summary of OIG Work¹⁰

OIG Report	Time Period of Claims Filed	Cases Not Processed	Underpayments Because Case Not Processed
Allowances Not Paid—Issued July 2010	2006	41 ¹¹	\$814,862
Allowances Not Paid—Issued June 2011	2003 – 2005 2007 – 2009	1,847 ¹²	\$18,508,292
Subtotal	2003 – 2009	1,888	\$19,323,154
Allowances Not Paid or Allowance/Denial Decision Not Made—Current Review	Before 2014 ¹³	6	\$4,757

¹⁰ For our two prior reviews, we identified DI and SSI disability claims with allowance determinations where individuals were not paid disability benefits. For our current review, we identified SSI disability claims with no allowance or denial determinations—in addition to cases where there was an allowance decision but the SSI payments were not paid.

¹¹ For the 41 claimants, 34 were underpaid \$698,102 in DI benefits, and 7 were underpaid \$116,760 in SSI underpayments.

¹² For this audit, we did not determine how many claimants were DI or SSI claimants.

¹³ For our population, we identified SSI disability claims filed before March 2014.

For the six individuals we identified in our current review, as of February 2017,

- four individuals' SSI disability claims were denied;¹⁴
- one individual's DI claim was allowed, and SSA was processing her SSI claim as of February 3, 2017; and
- one individual received \$4,404 of a \$4,757 SSI disability underpayment he was due.

Additionally, we identified 161 SSI claims that were processed, but it took longer than 1 year primarily because the claimants did not cooperate with SSA.

SSI DISABILITY CASES NOT PROCESSED BY SSA

We identified six individuals who applied for SSI disability payments before March 2014; however, as of December 2015, SSA had not processed the applications. We referred the six cases to SSA for corrective action. Table 3 shows the SSA regions that worked the cases that resulted in the claims not being fully processed.¹⁵

Table 3: SSA Regions that Worked the Cases

SSA Region	Number of Cases
Region 1 – Boston	1
Region 3 – Philadelphia	2
Region 5 – Chicago	2
Region 6 – Dallas	1
TOTAL	6

Below, we discuss the six individuals whose SSI disability claims SSA had not processed longer than 1 year after the disability application was filed and their status as of February 2017.

- One individual applied for SSI disability payments in January 2014 and was found medically disabled in April 2014 but had not received SSI payments.¹⁶ Additionally, in April 2014, this individual was found medically disabled for DI benefits on her parent's record and had not received the DI benefits. As a result of our referral, SSA determined the individual was to receive both SSI disability payments and DI benefits. As of December 2016, SSA had

¹⁴ Two individuals were denied because of failure to cooperate with SSA; one individual was denied because of excess resources; and one individual was denied because SSA determined she did not have a severe impairment.

¹⁵ The same field office worked two of the six cases.

¹⁶ Per the Modernized SSI Claims System, there were remarks stating SSI payments were denied because the individual had not responded to an SSA request as of November 2015; however, the individual's SSI record had not been updated to reflect a denial or an allowance.

processed the DI claim and put the individual in current pay status.¹⁷ Additionally, as of February 3, 2017, SSA was processing the SSI claim.

- One individual applied for SSI disability payments in January 2014 and was found medically disabled in June 2014. Per the claims system, SSA sent a request for more information on non-medical criteria in June 2014, and there was a reminder to follow up with the individual in July 2014; however, SSA did not follow up. Therefore, the individual was found to be medically disabled for SSI disability payments but was not paid. In May 2016, after our referral, SSA denied the SSI disability claim because the individual did not cooperate.
- One individual applied for SSI disability payments in August 2013. According to SSA systems, the DDS never received the claim and therefore a determination on the claim was never made. In September 2016, after our referral, SSA denied the SSI disability claim because the individual did not cooperate.
- One individual applied for both SSI disability payments and DI benefits in December 2012. SSA determined the individual was not eligible for DI benefits because she had not worked long enough to achieve insured status under SSA's rules;¹⁸ however, the Agency did not make a determination concerning the SSI disability claim. Additionally, per the claims system, SSA did not forward the SSI claim to the DDS. In July 2016, after our referral, SSA denied the SSI disability claim because the individual was over the resource limit for SSI eligibility.¹⁹
- One individual applied for SSI disability payments in January 2014. According to SSA's claims system, there was a request and reminder in June 2015 as the Agency was trying to appoint a representative payee for the claimant.²⁰ However, SSA did not follow up and, per the claims system, the reminder remained open. Therefore, a final determination on the claim was not made.²¹ In August 2016, after our referral, SSA determined the individual was

¹⁷ The individual received her first DI benefit of \$502 in January 2017 and received monthly DI benefits of \$624 beginning in February 2017.

¹⁸ An individual must meet insured status, which is an earnings requirement, to qualify for a period of disability based on his/her earnings record. To meet insured status, the individual must have the required number of earnings credits, called "quarters of coverage" on his/her earnings record. There are different insured status tests depending on the type of benefit. 20 C.F.R. §§ 404.130 through 404.133. SSA, POMS, RS 00301.101 (August 9, 2011).

¹⁹ SSI applicants and recipients are required to report their resources to SSA to ensure they are eligible for SSI. 20 C.F.R. § 416.202(d). Since January 1, 1989, the SSI resource limits have been \$2,000 for an individual and \$3,000 for a couple. SSA, POMS, SI 01110.003 (December 8, 2010).

²⁰ Social Security Act § 1631(a)(2); 42 U.S.C. § 1383(a)(2). A representative payee is a person or organization selected by SSA to receive and manage benefits on behalf of an incapable beneficiary. Payees are responsible for using Social Security benefits to serve the beneficiary's best interests. 20 C.F.R. §§ 416.601, 416.610, and 416.635.

²¹ In general, SSA's policy is to pay benefits even when a representative payee is being sought with limited exceptions, including if the beneficiary is legally incompetent or under age 15. 20 C.F.R. § 416.611. SSA, POMS, GN 00504.105 (May 18, 2012).

eligible for SSI disability payments and was due \$4,757 in SSI payments for February 2014 through July 2016. As of February 2017, the individual was receiving SSI disability payments and had received \$4,404 of the SSI disability underpayment he was due.²²

- One individual applied for SSI disability payments in November 2013. The individual wanted to have an appointed representative to represent her during the filing process, but she did not complete the Form SSA-1696, *Appointment of Representative*, to appoint a representative. The DDS rejected the claim because a Form SSA-1696 was needed. Per SSA systems, the field office received the Form SSA-1696 in September 2014 but never sent the Form or the claim to the DDS; therefore, a determination on the claim was never made. In June 2016, after our referral, SSA denied the SSI disability claim because it determined the individual did not have a severe impairment.

SSI DISABILITY CLAIMS THAT TOOK LONGER THAN 1 YEAR TO PROCESS

Our analysis of the 2,021 SSI claimants who filed an application before March 2014 showed that 161 took longer than 1 year to process. Generally, initial SSI claims are processed in an average of 3 to 4 months.

For the 161 initial SSI claimants, we determined

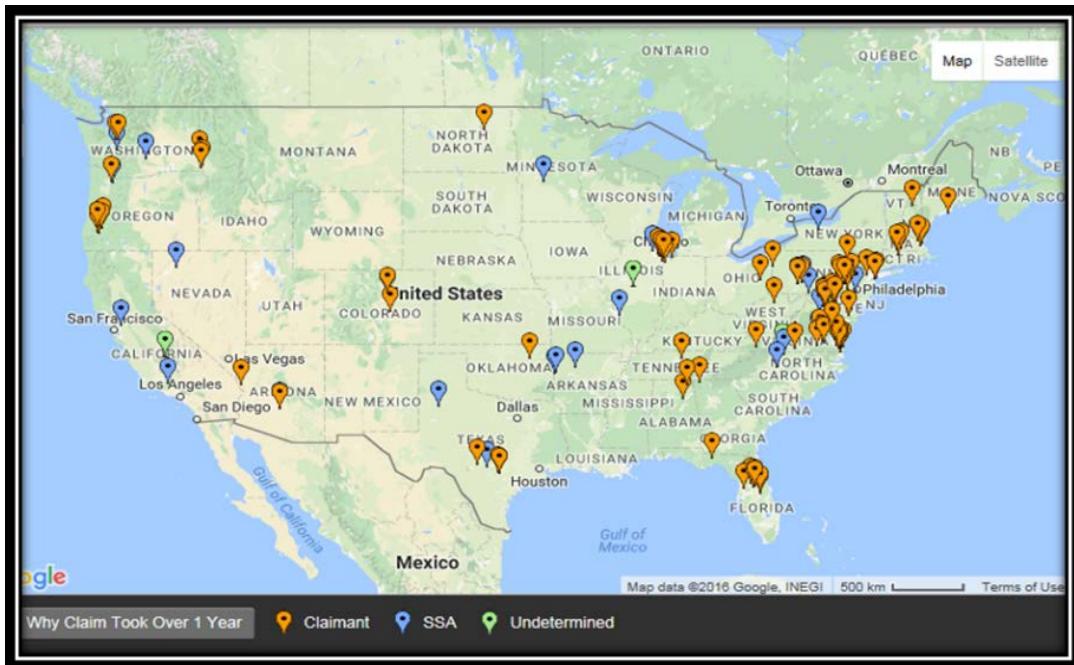
- 122 took longer than 1 year to process primarily because the claimant was not cooperating with SSA;
- 34 took longer than 1 year to process because of SSA;²³ and
- 5 took longer than 1 year, but we were unable to determine why.

For the cases that took longer than 1 year for SSA to process, Figure 1 shows the claimant's location and why the claim took longer than 1 year to process.

²² Because of the large amount of the SSI underpayment the claimant was due, SSA could not pay all the underpayment in one lump sum. When an SSI recipient is eligible to receive an underpayment and the amount equals or exceeds three times the federal benefit rate and no exception applies, SSA releases the payments in no more than three installments, paid in 6 month intervals. SSA, POMS, SI 02101.002 (January 5, 2015).

²³ For the 34 initial claims that took longer than 1 year because of SSA's actions, 20 were denied and the claimant did not appeal; 7 were allowed; 3 were denied at the initial level and on appeal; 1 was allowed on appeal; and 3 were denied at the initial level and were pending appeals at the hearing level as of February 2017.

Figure 1: Addresses of Claimants and Why Claim Took Longer than 1 Year to Process²⁴



For example, an SSI claimant from Indiana applied for payments in January 2014. After the claimant applied, SSA determined it needed more information to process the claim. SSA made multiple attempts, such as leaving telephone messages and sending letters, to obtain more information regarding the initial claims application. However, the claimant did not respond to any of the requests, so the Agency denied the initial claim in July 2015 (about 1.5 years after the initial claim was filed) because of failure to cooperate.

In another example, an SSI claimant from New York applied for payments in July 2013. During the application process, SSA did not obtain from the claimant a signed authorization to disclose medical and non-medical information to SSA. SSA did not follow up with the claimant until February 2015 to obtain the authorization form and then was able to forward the initial claim to the DDS for a determination. The DDS denied the initial claim in April 2015 (almost 2 years from the date the claimant applied for SSI payments).

²⁴ One claimant was not included on the map because he had an address outside the United States. This claim took longer than 1 year to process because the claimant did not cooperate with SSA, as the claimant resided outside the United States.

OTHER MATTER—DI CLAIM NOT PROCESSED

Since we only identified six SSI disability claims that were not processed, we did some limited testing of DI claims. We obtained a file of 1 segment of the Master Beneficiary Record as of March 2015,²⁵ and we identified 36,123 individuals whose records indicated no decision on their DI claims, and the application filing date was on or between January 1, 2013 and February 28, 2014. Of the 36,123 individuals identified, only 1 (0.003 percent) individual's DI claim needed corrective action by SSA. Therefore, we did not review the 19 remaining segments of the Master Beneficiary Record.

In December 2015, we referred the case to SSA. SSA paid this individual \$9,133 in past-due DI benefits for February 2012 through September 2016, and the individual was receiving a \$769 monthly DI benefit.

SUMMARY

SSA receives 2 to 3 million new SSI and DI claims a year, and we identified only 6 SSI disability claims that were not processed appropriately. Comparing our current review to our two prior reports, SSA had shown improvement in ensuring that disability claims were processed—as the prior 2 reviews identified 1,888 individuals whose disability claims SSA had allowed but never paid the individuals. As a result, these individuals received about \$19.3 million in past-due disability benefits. Because SSA had made progress in this area since our prior reviews and had corrected the 6 SSI cases we identified during this review, we are not making any recommendations for further action.



Rona Lawson
Assistant Inspector General for Audit

²⁵ SSA assigns Social Security numbers randomly. Social Security numbers can be categorized into 20 segments, each containing 5 sequential groups of these digits. Each segment is representative of all 20 segments.

APPENDIX

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and the Social Security Administration's (SSA) rules, policies, and procedures.
- Reviewed SSA reports on processing times for initial claims in Fiscal Years 2014 and 2015.
- Reviewed prior Office of the Inspector General reports. Specifically, we reviewed the following reports.
 - *Disability Insurance and Supplemental Security Income Claims Approved in 2006 But Not Paid* (A-01-10-11009), July 16, 2010.
 - *Disability Insurance and Supplemental Security Income Claims Allowed But Not Paid* (A-01-10-10177), June 20, 2011.
- Obtained a file of all segments of the Supplemental Security Record as of March 2015¹ and identified 2,021 individuals who had a payment status code indicating no determination of their Supplemental Security Income (SSI) claims and a date of filing before March 2014.
- Reviewed SSA mainframe queries and electronic disability folders (eView)² for the individuals identified in our SSI population to determine the status of their pending claims and found
 - 6 (0.3 percent) had disability claims pending as of December 2015;
 - 161 (8 percent) had their initial claim applications processed; however, the process took longer than 1 year;
 - 482 (23.8 percent) had their initial claim applications processed in less than 1 year; and
 - 1,372 (67.9 percent) had application dates that were for hearing appeals and not initial claims.
- Mapped the claimants' location based on the ZIP code for the resident address on the Supplemental Security Record.
- Obtained a file of 1 segment of the Master Beneficiary Record as of March 2015 and identified 36,123 individuals coded to indicate no decision had been made on their Disability Insurance (DI) claims and the application filing date was on or between January 1, 2013 and February 28, 2014.³

¹ SSA assigns Social Security numbers randomly. Social Security numbers can be categorized into 20 segments, each containing 5 sequential groups of these digits. Each segment is representative of all 20 segments.

² SSA's eView is a Web-based application that allows users to view disability information stored in a claimant's electronic folder.

³ We only obtained one segment of the Master Beneficiary Record as our review of the one segment indicated SSA had processed all but one of the DI claims (see "Other Matter—DI Claim Not Processed" section of this report).

- Referred six SSI and one DI case to SSA for review and corrective action for instances where disability claims did not appear to be processed.

We conducted our initial analysis from May to December 2015 and then did additional work between September 2016 and February 2017. The principle entities reviewed were the Regional Commissioners under the Office of the Deputy Commissioner for Operations. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. We tested the data obtained for our review and determined them to be sufficiently reliable to meet our objective.

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