

Interim Benefits Paid After a Disability Claim is Denied

A-02-18-50543



September 2018

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) stopped paying interim benefits (IB) timely after it denied a disability claim.

Background

SSA issues IB payments to Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) claimants when (1) administrative law judges' (ALJ) disability decisions are favorable to the claimants and (2) the Appeals Council initiates review of the ALJ decisions but does not issue final decisions within 110 days of the date of the ALJ decisions. SSA will continue these payments until it issues a final decision. SSA stops paying IB under OASDI the month before the month in which the Agency issues a final decision and SSI the month SSA issues a final decision. SSA's Office of Appellate Operations (OAO) should notify the Office of Operations when a final decision has been made so it can stop the IB payments.

We identified and reviewed the cases of 491 claimants who received (1) a favorable ALJ decision, (2) an Appeals Council remand of the favorable ALJ decision, and (3) an unfavorable decision or dismissal because of the remand in Fiscal Years 2010 through 2016.

Findings

SSA did not always stop paying IB payments timely and prematurely stopped paying some IB payments. In total, SSA stopped paying IB payments to 290 of the 491 claimants either before or after the Agency's final decision date, improperly paying them \$2,142,834.

IB payments, including those released after a final decision, cannot be charged as overpayments unless they were fraudulently obtained. SSA should not record the IB payments as overpayments or try to collect these funds. However, SSA recorded 20 overpayments for IB payments that did not appear to be fraudulently obtained.

After SSA reviews the ALJs' decision and issues an unfavorable decision, SSA's OAO waits until the end of a 60-day appeal period to notify the Office of Operations that it should stop IB payments. We asked SSA's Office of the General Counsel whether this practice adhered to policy, and it confirmed it did. However, 177 claimants received an additional \$308,479 in IB payments during the 60-day appeals period without appealing SSA's unfavorable decisions.

Recommendations

We recommend that SSA:

1. Review and take appropriate actions to correct the cases we determined were not accurately processed.
2. Reassess its policy to stop IB payments after the 60-day appeals period. SSA can stop payments after it makes its decision and restart IB payments should a claimant file a timely appeal.

SSA agreed with our recommendations.