

Report Summary

Social Security Administration Office of the Inspector General

February 2011



Objective

To determine whether the Social Security Administration (SSA) accurately offset Title II benefits for Fiscal Year 2009 Disability Insurance (DI) claims that involved State workers' compensation (WC) benefits.

Background

Workers injured on the job may qualify for SSA's DI benefits in addition to benefits under State WC programs. The combined benefits could result in workers receiving more in disability payments than they earned before they became disabled. To prevent this, SSA is required to reduce DI benefits by the amount of any other disability benefit paid under any law or plan of the United States, a State, or a political subdivision unless the other disability payment originates from a State with a "reverse offset" law. States with recognized "reverse offset" laws reduce the WC benefit, and the injured worker receives the full DI benefit from SSA.

To view the full report, visit
<http://www.ssa.gov/oig/ADO/BEPDF/A-04-10-11014.pdf>

Accuracy of Fiscal Year 2009 Title II Disability Insurance Benefit Payments Involving Workers' Compensation Offsets (A-04-10-11014)

Our Findings

Since November 2006, when we examined a similar population of WC offset cases, SSA's error rate decreased from 17 percent to about 12 percent. Unfortunately, payment errors continued to exist because SSA did not always accurately process WC offsets. Specifically, 29 (11.6 percent) of the 250 DI claims we reviewed had payment errors. Of the 29 error cases, 15 had underpayments totaling \$60,663, and 14 had overpayments totaling \$57,674.

From our population of DI claims in which a WC offset began, changed, or ended between October 1, 2008 and June 30, 2009, we estimate that approximately 1,000 DI claims had underpayment errors totaling about \$4 million, and approximately 933 DI claims, had overpayment errors totaling about \$3.8 million. These payment errors related to the WC offset calculation. Additionally, 9 of the 29 claims had payment errors that would have continued after June 2010. As such, we estimate that for the 12 months following our audit period, approximately 600 claims had payment errors totaling about \$2.1 million.

Similar to our previous reviews, the payment errors we identified resulted from human error. SSA personnel misinterpreted or incorrectly applied the amount of WC data to the offset calculation.

Finally, for 51 (20 percent) of the 250 claims reviewed, we did not locate independent proof of the WC benefits in SSA's records retention systems. As a result, we could not determine whether SSA offset these DI payments correctly. WC payment information is essential in calculating the amount to offset and is to be maintained indefinitely, as of September 30, 2008.

Our Recommendation

We recommend that SSA implement a cost-effective, risk-based approach to identify error-prone WC offset cases. For these cases, require independent review before the offset decision is effectuated. The review should be conducted by a supervisor or experienced peer and ensure that acceptable WC data were obtained, correctly interpreted and recorded, and maintained in SSA's electronic records retention systems. SSA agreed with our recommendation.