
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE SOCIAL SECURITY
ADMINISTRATION'S WORKERS'
COMPENSATION DATA MATCH
WITH THE STATE OF TEXAS**

April 2003 A-06-03-13022

***MANAGEMENT
ADVISORY REPORT***



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- **Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- **Promote economy, effectiveness, and efficiency within the agency.**
- **Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- **Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- **Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- **Independence to determine what reviews to perform.**
- **Access to all information necessary for the reviews.**
- **Authority to publish findings and recommendations based on the reviews.**

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.



SOCIAL SECURITY

MEMORANDUM

Date: April 15, 2003

Refer To:

To: The Commissioner

From: Inspector General

Subject: Management Advisory Report – The Social Security Administration's Workers' Compensation Data Match with the State of Texas (A-06-03-13022)

OBJECTIVE

Our objective was to evaluate the results of the Social Security Administration's (SSA) workers' compensation (WC) data match with the State of Texas including:

- SSA's methodology for evaluating the data and deriving its conclusions;
- the potential impact of unreported WC on Social Security Disability Insurance (DI) benefits and Supplemental Security Income (SSI) payments in the State of Texas;
- the possible cost-effectiveness of matching States' WC data against SSA's beneficiary/recipient records;
- the implications of potential over- and underpayments nationwide; and
- SSA's decision on whether to perform additional data matches with other States.

BACKGROUND

Our November 1999 report, *Workers' Compensation Unreported by Social Security Beneficiaries*, noted two major causes of inaccurate DI payments: first, beneficiaries' failure to voluntarily report changes in WC status and benefits and second, SSA's inability to independently identify those WC changes. In the report, we also noted that SSA had on-line access with agencies in 22 States. However, for WC data, SSA had on-line access in only 5 of the 22 States. We recommended that, for States where on-line access of WC data was not a current option, SSA negotiate agreements with State officials to periodically obtain computer extracts of State WC information and benefit payments. In response to our recommendation, SSA stated it was pursuing matching agreements in the 10 largest WC States.

On August 15, 2000, SSA and the Texas Workers' Compensation Commission (TWCC) signed an agreement whereby the State would provide records containing State WC information to SSA to match against its Old-Age, Survivors and Disability Insurance (OASDI) beneficiary and SSI recipient records. TWCC agreed to provide SSA an electronic file containing available data on WC benefits from April 1, 1991 to the date of the match. Preliminary results show that SSA is identifying several million dollars in overpayments. Also, a former SSA employee alleged field office personnel have little or no time available to review the cases of individuals who have returned to work or who might be receiving WC. According to the former SSA employee, these issues require more time to develop but, if not considered, potentially result in overpayments to beneficiaries.

RESULTS OF REVIEW

We were unable to evaluate the results of SSA's WC data match with the State of Texas because SSA had not (1) completed its analysis of the DI cases with WC data identified from the match, (2) conducted a match against SSI records, (3) assigned overall accountability of the Texas match project to any particular component, (4) defined when it will derive the results necessary to determine whether the project will be worth expanding to other States, or (5) conducted or started the process of conducting a cost-benefit analysis (CBA) as of the time of our review. SSA considered its normal workload and other WC initiatives as having greater priority than the Texas data match.

SSA experienced problems with the first file it received from Texas, and this delayed its progress on the match. SSA first received a file from the State of Texas in September 2000. This file contained 691,286 records; however, 290,000 of the records were not usable because the records contained "open dates." With the usable portion of the file, SSA identified 1,298 cases with WC data that corresponded to DI beneficiaries. SSA received a second file from the State in November 2001. This file contained 974,414 records. From this file, SSA identified another 4,919 DI cases with WC data. From both files, SSA identified DI cases for which it had no prior WC information and DI cases for which it did have WC information but for which the amounts in SSA's records differed from the amounts in the Texas WC file. SSA planned to review all of the cases (3,463 total records) for which it had no prior WC information and a portion of the cases (718 total records) for which the amounts in SSA's records differed from the amounts in the Texas WC file. SSA had not started its match of the Texas WC information against SSI recipient records.

With respect to the CBA, SSA staff informed us that the various components involved in the matching program would have to provide input for the standards, methodology, and data with which to complete the CBA. However, as of October 2002, representatives from these components had not met.

CONCLUSIONS AND RECOMMENDATIONS

SSA has not completed its analysis of the data match, conducted a match against SSI records, or assigned overall accountability for overseeing and reporting the results. Accordingly, we recommend that SSA:

1. Identify a lead office for the Texas match project to oversee, consolidate, and report the work being done by the various SSA components involved in the project.
2. Establish time frames for the completion of work by each component and the lead office.

AGENCY COMMENTS

SSA agreed with our recommendations. It designated the Office of Disability and Income Security Programs as the lead office to oversee work done by other SSA components, and it expects to complete the CBA for the title II portion of the match by the end of April 2003. It also expected to complete the title XVI records match by the end of March 2003. Based on completion of these actions, it will then establish additional time frames. See Appendix D for the full text of SSA's comments.

OIG RESPONSE

We commend SSA for taking prompt action on our recommendations. SSA's completion of the WC data match with the State of Texas should put it in a better position to determine the feasibility of pursuing similar projects with other States. By having at its disposal another tool with which to identify unreported WC benefits, SSA can better ensure beneficiaries and recipients are paid the correct amount of benefits.



James G. Huse, Jr.

Appendices

APPENDIX A – Background

APPENDIX B – Scope and Methodology

APPENDIX C – Acronyms

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Background

The Social Security Administration (SSA) administers the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs under titles II and XVI of the Social Security Act. The OASDI program provides benefits to retired and disabled workers, including their dependents and survivors. The SSI program provides benefits to financially needy individuals who are aged, blind, or disabled.

Benefits are reduced or totally offset if a disabled worker is also entitled to State workers' compensation (WC) payments. WC payments are made to a worker because of a work-related injury, illness or disease. Offset is applied when total benefits payable to the worker and auxiliaries, plus WC payments exceed the highest of 80 percent of the worker's average current earnings or the total family benefits payable to the worker and any auxiliaries.

On August 15, 2000, SSA and the Texas Workers' Compensation Commission (TWCC) signed an agreement by which TWCC would provide SSA with WC records for a matching operation. SSA used these records to proactively identify changes in WC benefits and status to ensure efficient and accurate processing of entitlement and post-eligibility workloads. The original agreement was effective for 18 months. It was extended for an additional 12 months on March 7, 2002.

TWCC provided a file to SSA in September 2000. This file contained 691,286 records; however, 290,000 of the records were not usable because the records contained "open dates." With the portion of the file that was usable, SSA identified 1,298 cases with WC data that corresponded to Social Security Disability Insurance (DI) beneficiaries. SSA received a second file from the State during November 2001. This file contained 974,414 records. From this file, SSA identified another 4,919 DI cases with WC data. From both files, SSA identified DI cases for which it had no prior WC information (Type A alerts) and DI cases for which it did have WC information but for which the amounts in SSA's records differed from the amounts in the Texas WC file (Type B alerts). From both files, SSA identified 3,463 Type A alerts and 1,773 Type B alerts. SSA planned to review all of the cases (3,463 total) for which it had no prior WC information and a portion of the cases (718 total records) for which the amounts in SSA's records differed from the amounts in the Texas WC file. See Table 1 for a summary of the preliminary results from matching both files received from Texas against DI records.

Table 1:
Summary of DI Beneficiaries with WC Data Identified from
Files Received from Texas

Description	1st File Received Sept. 12, 2000	2nd File Received Nov. 14, 2001	Totals
Number of WC records received from Texas	691,286	974,414	1,665,700
Number of records matching DI beneficiaries	1,361	4,919	6,280
Duplicates	63	Unknown	63
Unduplicated Matches	1,298	4,919	6,217
Records identified from other WC initiatives	0	981	981
Net records identified from this initiative	1,298	3,938	5,236
<i>Records Identified Consisted of:</i>			
Type A: No previous WC information on SSA records	697	2,766	3,463
Type B: WC amount on SSA records differed from amount in Texas records	601	1,172	1,773
Number of records selected by SSA for review	1,298	2,883 ¹	4,181

While SSA's analysis on the number of over- and underpayments identified through the matching operation is not complete, preliminary information on 1,298 cases reviewed (24.8 percent of the 5,236 cases identified for review) shows 451 cases with overpayments totaling over \$3.3 million. Assuming the 5,236 cases are not further reduced by duplicates or other errors, if the results found for the 1,298 cases are similar for the remainder of the cases, the Texas data match could identify an estimated \$13 million in overpayments. In Fiscal Year (FY) 2000, Texas had approximately 7.5 million non-Federal workers covered under WC.² The number of workers in Texas represented 6 percent of the total non-Federal covered workers in FY 2000. The top 10 States with covered non-Federal workers in FY 2000 accounted for 53.0 percent of all non-Federal workers. Georgia ranked tenth with 2.9 percent and California ranked first

Table 2: Top 10 States Account for 53.0 Percent of Non-Federal Workers Covered Under Workers' Compensation

Rank	Top Ten States	Covered Workers (in thousands)	Percent
1	California	14,599	11.8
2	New York	8,313	6.7
3	Texas	7,465	6.0
4	Florida	6,728	5.4
5	Illinois	5,800	4.7
6	Pennsylvania	5,444	4.4
7	Ohio	5,426	4.4
8	Michigan	4,417	3.6
9	New Jersey	3,809	3.1
10	Georgia	3,650	2.9
	Totals	65,651	53.0

¹ The number of records selected for review from the 2nd file consists of all Type A records (2,766) and 10 percent of Type B records (117).

² National Academy of Social Insurance, *Workers' Compensation: Benefits, Coverage, and Costs, 2000 New Estimates*, June 2002.

with 11.8 percent. If matching operations in the top 10 States produced similar results to those found in Texas, there could be overpayments ranging from approximately \$6.4 million in Georgia to approximately \$26 million in California.

In August 2002, an SSA employee retired from Federal service and proceeded to publish what he called his exit conference on the Internet.³ This employee alleged, among other things, that field office staff had little or no time available to work on reviewing people who have returned to work or who might be receiving workers' compensation. According to the former SSA employee, these issues require more time to develop but, if not considered, potentially result in overpayments to beneficiaries.

³ <http://www.workedforssa.sylera.com/>

Scope and Methodology

To accomplish our objective, we

- reviewed the agreement between the Social Security Administration (SSA) and the Texas Workers' Compensation Commission whereby the State would provide records containing State workers' compensation information to SSA to match against its title II beneficiary and title XVI recipient records;
- reviewed applicable sections of the Social Security Act, Computer Matching & Privacy Protection Act of 1988, and SSA's Computer Matching Overview and Procedures; and
- interviewed personnel within the Division of Operations Analysis and Customer Service; Operations Analysis Section; Office of Process Policy; Division of Client, Enumeration and Exchanges; and the Division of Title II Control & Queries.

We performed audit work in Baltimore, Maryland; Kansas City, Missouri; and Dallas, Texas, from August through November 2002. The entities reviewed were the Division of Operations Analysis and Customer Service and the Operations Analysis Section under the Deputy Commissioner for Operations; the Office of Process Policy under the Deputy Commissioner for Disability and Income Security Programs; and the Division of Client, Enumeration and Exchanges, and the Division of Title II Control & Queries under the Deputy Commissioner for Systems. We conducted our review in accordance with generally accepted government auditing standards.

Appendix C

Acronyms

CBA	Cost-Benefit Analysis
DI	Disability Insurance
FY	Fiscal Year
OASDI	Old-Age, Survivors and Disability Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income
TWCC	Texas Workers' Compensation Commission
WC	Workers' Compensation

Appendix D

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: March 27, 2003

Refer To: S1J-3

To: James G. Huse, Jr.
Inspector General

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General Management Advisory Draft Report, "The Social Security Administration's Workers' Compensation Data Match with the State of Texas"
(A-06-03-13022)—INFORMATION

We appreciate the OIG's efforts in conducting this review. Our comments on the report recommendations are attached.

Please let us know if we can be of further assistance. Staff questions can be referred to Janet Carbonara on extension 53568.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL MANAGEMENT
ADVISORY DRAFT REPORT, "THE SOCIAL SECURITY ADMINISTRATION'S
WORKERS' COMPENSATION (WC) DATA MATCH WITH THE STATE OF TEXAS"
(A-06-03-13022)

Thank you for the opportunity to review this report. Our response to the specific recommendations is provided below.

Recommendation 1

Identify a lead office for the Texas match project to oversee, consolidate, and report the work being done by the various SSA components involved in the project.

Comment

The Office of Disability and Income Security Programs will be the lead office for the Texas match project to oversee, consolidate and report the work being done by the various SSA components involved in the project.

Recommendation 2

Establish time frames for the completion of work by each component and the lead office.

Comment

The Office of Quality Assurance and Performance Assessment will perform the cost-benefit analysis (CBA) for the title II portion of the Texas data match. Barring any unforeseen problems with the database information, the CBA should be completed by the end of April 2003. The match of Texas WC data against title XVI records is scheduled to be run at the end of this month.

Additional timeframes will be established following completion of these actions.

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

Rona Rustigian, Director, (617) 565-1819

Paul Davila, Deputy Director, (214) 767-6317

Acknowledgments

In addition to those named above:

Lela Cartwright, Auditor

Kimberly Beauchamp, Writer-Editor

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-06-03-13022.

DISTRIBUTION SCHEDULE

Commissioner of Social Security
Office of Management and Budget, Income Maintenance Branch
Chairman and Ranking Member, Committee on Ways and Means
Chief of Staff, Committee on Ways and Means
Chairman and Ranking Minority Member, Subcommittee on Social Security
Majority and Minority Staff Director, Subcommittee on Social Security
Chairman and Ranking Minority Member, Subcommittee on Human Resources
Chairman and Ranking Minority Member, Committee on Budget, House of Representatives
Chairman and Ranking Minority Member, Committee on Government Reform and Oversight
Chairman and Ranking Minority Member, Committee on Governmental Affairs
Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives
Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations,
House of Representatives
Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate
Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate
Chairman and Ranking Minority Member, Committee on Finance
Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy
Chairman and Ranking Minority Member, Senate Special Committee on Aging
Social Security Advisory Board

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.