

Denied Disability Claims that Required Manual Notifications to Claimants

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) properly closed out denied disability claims that required the issuance of manually generated notifications to claimants.

Background

Social Security representatives in the field offices (FO) usually obtain applications for Disability Insurance Benefits (DIB) in person, by telephone, by mail, or by filing online.

The FO is responsible for verifying non-medical eligibility requirements, which may include age, employment, marital status, or Social Security coverage information. The FO may make a technical denial determination when the claimant does not meet the non-medical eligibility requirements. In this instance, an employee will manually prepare a notification and issue it to the claimant. The notification must include the Agency's decision, the justification for the denial, and information about the claimant's appeal rights. If SSA does not provide this information in the notification, the application remains open for entitlement at a later date.

To accomplish our objective, we reviewed a sample of 175 cases from a population of 79,436 claimants whose DIB claims were allowed after SSA had initially denied them. We also reviewed a sample of 250 cases from a population of about 2.5 million claimants who were denied DIB by SSA and had not refiled at a later time.

Results

SSA did not consistently close out denied disability claims that required manually generated notifications be issued to claimants. Specifically, for 21 of 175 sampled claimants who refiled for disability benefits after an initial denial, SSA did not properly close out their original denied claims. In these instances, SSA did not correctly notify the claimants of its original denial decision or properly develop their original claims before denying them. Therefore, when the claimants later refiled for disability benefits, SSA owed them additional months of retroactive payments (underpayments). We estimate SSA owed approximately \$56 million in additional benefits to 9,532 claimants.

These issues occurred because SSA employees did not follow established policies and procedures for processing disability claims. In these instances, employees did not properly issue manually generated notifications or fully develop the claims. Proper development requires completing key elements of documentation, such as obtaining evidence, evaluating work activity, and assessing other eligibility factors necessary to make an informed determination.

In addition, when SSA denied disability for claimants who did not subsequently refile, the Agency did not always properly close out denied disability claims that required manually generated notifications be issued. SSA improperly closed 48 of 250 sampled cases. These cases create a risk to SSA that, if the claimants refile at a later date and are approved for disability, SSA will owe additional benefits.

Recommendations

We made three recommendations for SSA to improve controls and practices related to properly closing out denied disability claims that required the issuance of manually generated notifications to claimants. SSA agreed to implement our recommendations.