



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Disability Waiting Period
Exclusions

072304 September 2024



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 20, 2024

Refer to: 072304

To: Martin O'Malley
Commissioner

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit
as Acting Inspector General

Subject: Disability Waiting Period Exclusions

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration accurately applied the law and policy pertaining to disability waiting period exclusions for Old-Age, Survivors, and Disability Insurance beneficiaries.

If you wish to discuss the final report, please contact me or have your staff contact Jeffrey Brown, Deputy Assistant Inspector General for Audit.

Attachment

Disability Waiting Period Exclusions 072304



September 2024

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) accurately applied the law and policy pertaining to disability waiting period exclusions for Old-Age, Survivors, and Disability Insurance (OASDI) beneficiaries.

Background

Generally, OASDI beneficiaries must complete a 5-month waiting period after the disability onset date before payments begin. For example, if a beneficiary's disability onset date is June 15, their entitlement begins in the month of December. However, beneficiaries may be immediately entitled to benefits if they meet certain exclusions, including Amyotrophic Lateral Sclerosis (ALS) disability, childhood disability, re-entitlement to disability benefits within 5 years of a prior cessation, disabled widow(er)s re-entitled within 7 years, or disabled widow(er)s with Supplemental Security Income credit.

After beneficiaries have been entitled to OASDI benefits based on a disability for 24 months, they become eligible for Medicare coverage with some exceptions. In some instances, they may become eligible for Medicare the month they are entitled to disability benefits or in fewer than 24 months.

We reviewed 615 beneficiaries SSA determined to have been disabled in Calendar Years 2020 through 2022 who appeared to have met the criteria for a waiting period exclusion.

Results

SSA incorrectly applied the 5-month waiting period for 222 (36 percent) of the 615 sampled beneficiaries. Errors occurred because of insufficient policies and controls related to the waiting-period exclusions. In addition, SSA did not identify all beneficiaries with ALS who were affected by a law change to ensure they received proper payments. Based on our sample results, we estimate SSA incorrectly applied the waiting period to 5,114 beneficiaries, which resulted in underpayments totaling approximately \$14 million.

Conclusion

Unless it improves its controls, SSA will continue incorrectly applying waiting periods, which will result in the Agency not paying beneficiaries the benefits to which they are entitled and delaying their entitlement to Medicare benefits.

Recommendations

We made five recommendations to improve SSA's accuracy in applying the law and policy pertaining to disability waiting period exclusions for OASDI beneficiaries, including taking corrective action on cases we identified, reviewing additional populations of beneficiaries, updating policies, and creating integrity checks to identify scenarios where the waiting period was applied incorrectly.

SSA agreed with our recommendations.

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ABBREVIATIONS

ALS	Amyotrophic Lateral Sclerosis
CDB	Childhood Disability Benefits
C.F.R.	Code of Federal Regulations
DWB	Disabled Widow(er)'s Benefits
MADCAP	Manual Adjustment Credit and Award Processes
MBR	Master Beneficiary Record
MCS	Modernized Claims System
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
T2R	Title II Redesign System
U.S.C.	United States Code

OBJECTIVE

To determine whether the Social Security Administration (SSA) accurately applied the law and policy pertaining to disability waiting period exclusions for Old-Age, Survivors, and Disability Insurance (OASDI) beneficiaries.

BACKGROUND

SSA administers the OASDI program to provide benefits to wage earners and eligible family members in the event a wage earner retires, becomes disabled, or dies.¹ Disability benefits may be available to wage earners who have an impairment that precludes them from performing substantial gainful activity, any surviving and/or ex-spouse(s) over age 50 with a disability, and the children of wage earners 18 or older who developed a disability before they reached age 22.²

SSA also administers the Supplemental Security Income (SSI) program under Title XVI of the *Social Security Act*. SSI is a means-tested program that provides a minimum level of income to individuals who are aged, blind, or disabled and meet certain income and resource limits.³ In addition to the Federal SSI payment, States may provide supplementary payments to their own recipients in recognition of the variations in living costs from one state to another and for some individuals' special needs.⁴

Waiting Period

Generally, OASDI beneficiaries eligible for benefits based on a disability must complete a 5-month waiting period after the disability onset date before their payments begin. This means a beneficiary's date of entitlement is the sixth full month after the date the disability began.⁵ For example, if a beneficiary's disability onset date is June 15 (assuming all eligibility factors have been met), their entitlement for benefit payments would begin in the month of December.⁶ The waiting period allows time for individuals with temporary disabilities to show signs of recovery.⁷ However, the waiting period may not apply, and beneficiaries may be immediately entitled to benefits, if they meet the following exclusions:

¹ *Social Security Act*, 42 U.S.C. §§ 402, 423.

² 20 C.F.R. § 404.335; 20 C.F.R. § 404.350(a)(5).

³ *Social Security Act*, 42 U.S.C. § 1381.

⁴ SSA, *POMS*, SI 01401.001 A (March 27, 2024).

⁵ *Social Security Act*, 42 U.S.C. § 423(c)(2); 20 C.F.R. § 404.315(a)(4).

⁶ If onset is on the first day of the month, that month will be counted toward the waiting period versus starting the next month; *POMS*, DI 25501.300 A.4 (January 13, 2023). For example, if the disability onset date is June 1, entitlement for benefit payments begins in the month of November.

⁷ SSA, *POMS*, DI 10105.070, A (March 2, 2011).

- **Amyotrophic Lateral Sclerosis (ALS) disability.** On December 22, 2020, the President signed the *ALS Disability Insurance Access Act of 2019*, which eliminated the 5-month waiting period for beneficiaries diagnosed with ALS.⁸ On March 23, 2021, Congress amended the legislation to take effect 5 months earlier than the original enactment date.⁹ Accordingly, SSA updated policy to state the 5-month waiting period does not apply to ALS disability claims with a Notice of Award on or after July 23, 2020.¹⁰
- **Childhood disability benefits (CDB).** Beneficiaries age 18 or older who became disabled before they reached age 22.¹¹
- **Disability beneficiaries re-entitled within 5 years.** Beneficiaries who were previously entitled to benefits based on a disability and their new disability onset dates are within 5 years of their prior disability cessation.¹²
- **Disabled widow(er) beneficiaries re-entitled within 7 years.** Beneficiaries who were previously entitled to disabled widow(er)'s benefits (DWB), become entitled again before age 60, and their new disability onset dates are within 7 years of their prior disability cessation.¹³
- **Disabled widow(er) beneficiaries with SSI credit.** Beneficiaries entitled to DWB and have months of SSI and/or federally administered State supplementary payment eligibility.¹⁴

After beneficiaries have been entitled to benefits based on a disability for 24 months, they become eligible for Medicare coverage. However, beneficiaries diagnosed with ALS do not have to wait the 24 months and, instead, become eligible for Medicare the month they are entitled to benefits. Also, beneficiaries who become re-entitled to benefits may become eligible for Medicare in fewer than 24 months based on their prior entitlement.¹⁵ Additionally, the 24-month waiting period can be reduced or eliminated for disabled widow(er)s with prior SSI credit.¹⁶

⁸ *ALS Disability Insurance Access Act of 2019*, Pub. L. No. 116-250, 134 Stat. 1128 (2020).

⁹ *ALS Disability Insurance Access Act of 2019*, Pub. L. No. 117-3, 135 Stat. 246 (2021).

¹⁰ SSA, POMS, DI 10105.075, A (April 1, 2021).

¹¹ SSA, POMS, DI 10115.001, A and B (September 4, 2014).

¹² SSA, POMS, DI 10105.075, A (April 1, 2021).

¹³ SSA, POMS, DI 10110.001, G.1 (July 12, 2024).

¹⁴ *Omnibus Budget Reconciliation Act of 1990*, Pub. L. No. 101-508, § 5103, 104 Stat. 1388-251 (1990).

¹⁵ SSA, POMS, DI 11036.001 B (May 4, 2022); SSA, POMS, HI 00805.090 A.2 (February 1, 2024). Beneficiaries entitled to CDB and DWB who are not re-entitled beneficiaries and do not have SSI credit, serve the full 24 months for Medicare eligibility. SSA, POMS, HI 00801.146, B (May 28, 2024).

¹⁶ SSA, POMS, DI 11015.020, A (February 6, 2013).

Processing Claims

SSA establishes beneficiaries' entitlement to cash benefits and Medicare through the claims process. SSA considers many eligibility factors (such as earnings requirements, application requirements, age requirements, and the date the primary wage earner became entitled to benefits or died) when it determines the date a beneficiary becomes entitled to disability benefits.¹⁷ SSA employees can process most OASDI claims through the Modernized Claims System (MCS), which determines the beneficiary's date of entitlement, sends notices to claimants, and establishes the Master Beneficiary Record (MBR).¹⁸ However, in some situations, systems limitations prevent employees from processing claims in MCS, and they must instead use the Manual Adjustment Credit and Award Processes (MADCAP).¹⁹ Once an employee inputs a claim, the Title II Redesign (T2R) System updates the MBR and produces exceptions and alerts when the inputs or MBR contain information or relationships that are not valid or the system could not fully process.

SCOPE AND METHODOLOGY

To accomplish our objective, we identified the following populations of OASDI beneficiaries SSA determined to be disabled in Calendar Years 2020 through 2022 and who may have met the criteria for one of the five waiting-period exclusions.²⁰ We reviewed beneficiaries from each population, for a total of 615 beneficiaries.²¹

- **ALS disability:** 281 beneficiaries whom SSA approved for disability benefits on or after July 23, 2020 based on an ALS diagnosis and appeared to have served a 5-month waiting period.²² We reviewed a random sample of 125 beneficiaries from this population.
- **CDB:** 1,698 beneficiaries entitled to CDB who appeared to have served a 5-month waiting period. We reviewed a random sample of 150 beneficiaries from this population.
- **Re-entitled within 5 years:** 690 beneficiaries who become re-entitled to disability benefits within 5 years and who appeared to have served a 5-month waiting period. We reviewed a random sample of 125 beneficiaries from this population.
- **Disabled widow(er) beneficiaries re-entitled within 7 years:** 40 beneficiaries re-entitled to DWB within 7 years. We reviewed all 40 beneficiaries from this population.
- **Disabled widow(er) beneficiaries with SSI credit:** 29,052 beneficiaries entitled to DWB with SSI credit. We reviewed a random sample of 175 beneficiaries from this population.

¹⁷ SSA, *POMS*, DI 10105.060 (June 12, 2009).

¹⁸ SSA, *POMS*, GN 01010.200, B.1 (April 21, 2016).

¹⁹ SSA, *POMS*, GN 01010.220, A (November 10, 2011) and SSA *POMS*, GN 01010.200, A and B (April 21, 2016).

²⁰ See Appendix A for our full scope and methodology.

²¹ See Appendix B for our sampling methodology and results.

²² To determine whether beneficiaries appeared to have served a waiting period, we identified those who had a 5-month difference between their dates of disability onset and the months they first became entitled to benefits.

RESULTS OF REVIEW

Based on our sample results, we estimate SSA incorrectly applied the 5-month waiting period to 5,114 beneficiaries, which resulted in the Agency not paying them approximately \$14 million in benefits to which they were entitled. Of the 615 beneficiaries we sampled, we did not find errors resulting in improper payments to 393 (64 percent). However, SSA incorrectly applied the 5-month waiting period for 222 (36 percent) of the 615 sampled beneficiaries,²³ as follows:

- 203 beneficiaries who met the criteria for a waiting-period exclusion.
- 19 beneficiaries with ALS whose claims SSA processed before Congress amended the new legislation but subsequently met the criteria for a waiting-period exclusion.

Beneficiaries for Whom the Agency Should Not Have Applied the Waiting Period

SSA incorrectly applied the 5-month waiting period for 203 beneficiaries who met the criteria for a waiting-period exclusion. SSA underpaid these beneficiaries over \$990,000.

Table 1: Sample Results

Population	Number of Sampled Beneficiaries	Number of Beneficiaries with Incorrectly Applied Waiting Periods	Error Percent	Total Error Amount
ALS Disability	125	45	36%	\$306,796
CDB	150	48	32%	\$141,661
Re-entitled within 5 Years	125	79	63%	\$459,157
DWB Re-entitled within 7 Years	40	7	18%	\$20,447
DWB with SSI Credit	175	24	14%	\$62,029
Totals	615	203	33%	\$990,090

²³ By incorrectly applying waiting periods, SSA also delayed entitlement to Medicare benefits for 289 of the 615 sampled beneficiaries.

For example, an individual filed for disability benefits in April 2022 alleging ALS as an impairment. SSA determined the beneficiary met all eligibility requirements based on an inflammatory disease (not ALS) with a disability onset date of March 31, 2022. After SSA correctly applied the 5-month waiting period (April through August 2022), the beneficiary became entitled to benefits effective September 2022. In October 2022, after the beneficiary provided additional medical evidence, SSA amended the claim to reflect an ALS diagnosis effective with the original disability onset date. SSA corrected the Medicare entitlement to remove the 24-month Medicare waiting period but did not correct the 5-month disability waiting period, which resulted in SSA not paying the beneficiary \$7,115 in benefits to which they were entitled.

In another example, SSA determined a beneficiary's disability ceased in November 2018. The individual filed a new claim in July 2020. SSA determined the beneficiary's new disability onset date was July 11, 2020. SSA applied the 5-month waiting period and began paying benefits effective January 2021. However, since SSA found the beneficiary became disabled again within 5 years of the prior disability cessation, the Agency should not have applied the waiting period. As a result, SSA did not pay the beneficiary \$4,848 in additional benefits to which they were entitled and inappropriately delayed their entitlement to Medicare benefits by 5 months.

SSA should not have applied the 5-month waiting period for the 203 beneficiaries we identified but errors occurred because of insufficient policies and controls related to the waiting period exclusions.

Insufficient Policy

SSA did not sufficiently update all policy in response to the new legislation related to disability claims for individuals diagnosed with ALS.²⁴ Specifically, three policies that provide instruction on processing claims for beneficiaries with ALS include details about when the Medicare waiting period does not apply and how to correct the Medicare entitlement when an ALS diagnosis is determined after SSA processed a non-ALS claim.²⁵ Though the policies state the 5-month waiting period does not apply to beneficiaries with an ALS diagnosis, they do not provide instruction on how to remove the 5-month waiting period, if appropriate, when SSA approves an ALS diagnosis after it had already processed a claim for a different diagnosis.

In addition, SSA's policy on *When The Five Month Waiting Period Is Not Required* does not include beneficiaries entitled to CDB, disabled widow(er)s who become re-entitled within 7 years, and disabled widow(er)s who have prior SSI credit.²⁶ While the policy's intent pertains to waiting periods for individuals applying for disability benefits based on their own earnings, there is the risk SSA employees may not consider how policy is structured and assume all scenarios where the 5-month waiting period does not apply are listed under this policy. In fact, during our audit, SSA subject-matter experts informed us, "There are no other exclusion

²⁴ *ALS Disability Insurance Access Act of 2019*, Pub. L. No. 116-250, 134 Stat. 1128 (2020) and *ALS Disability Insurance Access Act of 2019*, Pub. L. No. 117-3, 135 Stat. 246 (2021).

²⁵ SSA, POMS, DI 11036.001 (May 4, 2022); DI 23580.001 (July 14, 2022); and DI 45605.001 (September 14, 2016).

²⁶ SSA, POMS, DI 10105.075, A (April 1, 2021). The waiting period exclusions for beneficiaries entitled to CDB and DWB are only discussed in policies applicable to each entitlement. SSA, POMS, DI 10115.001, A and B (September 4, 2014); and SSA, POMS, DI 10110.001, G.1 (July 12, 2024).

scenarios outside of [this policy].” In response to our audit findings, subject-matter experts from the Office of Retirement and Disability Policy stated, “Based on the audit findings and observations, we do intend to consider potential [policy] updates for...When The Five Month Waiting Period Is Not Required and related instructions to include more comprehensive and explanatory guidance in the future.”

Insufficient Controls

The systems involved in the claims process—MCS, MADCAP, and T2R—do not alert employees when they should not apply the 5-month waiting period. MCS can automatically process disability claims, and not apply the 5-month waiting period, for beneficiaries with a primary or secondary ALS diagnosis and beneficiaries who become re-entitled within 5 years of a prior disability cessation, assuming no other processing limitations apply. However, when MCS cannot automatically process claims for these and other beneficiaries for whom the 5-month waiting period does not apply, system messages that assist employees with the appropriate action do not alert them that the 5-month waiting period does not apply. Additionally, there are numerous MADCAP and T2R alerts and exceptions that result from integrity checks related to disability coding and Medicare; however, no system generates alerts or exceptions when SSA employees incorrectly apply the 5-month waiting period.

In response to a December 2012 audit, SSA staff discussed the possibility of creating an MCS message or alert related to the accuracy of the month the Agency establishes a beneficiary’s entitlement to CDB but ultimately determined the return on investment was not sufficient to request system resources.²⁷ Based on that audit, in December 2014, SSA issued a policy reminder to employees regarding controls to ensure they properly establish beneficiaries’ entitlement to CDB and do not apply a 5-month waiting period. Despite this policy reminder, we found employees made similar errors during our review of beneficiaries entitled to CDB.

Beneficiaries Affected by the New Legislation

To ensure it processed claims correctly for beneficiaries with ALS who were affected by the new legislation, SSA identified beneficiaries whose claims it processed before March 23, 2021, when Congress amended the legislation. Specifically, SSA identified beneficiaries with:

- a Notice of Award dated on or after July 23, 2020;
- a filing date of January 2020 or later;
- an ALS diagnosis; and
- a payment status of:
 - current (actively receiving payments, including benefits from the Railroad Retirement Board),
 - deferred (payments withheld to recover an overpayment),
 - suspended (payments withheld for various reasons), or
 - terminated due to death.

²⁷ SSA, OIG, *Childhood Disability Beneficiaries with an Incorrect Waiting Period*, A-09-11-21158 (December 2012).

SSA did not identify, and thus incorrectly applied the 5-month waiting period for, 19 beneficiaries whose claims the Agency processed before March 23, 2021 and who received a Notice of Award dated July 23, 2020 or later.²⁸ As a result, SSA did not pay these beneficiaries approximately \$129,000 in benefits to which they were entitled.

For example, an individual filed for benefits in December 2019 and SSA determined the individual became disabled with an ALS diagnosis effective August 2019. However, SSA did not process the award until August 2020 and sent a Notice of Award dated August 17, 2020. Although the beneficiary filed their claim in 2019, SSA should not have applied the 5-month waiting period because the Notice of Award date was after July 23, 2020. Since SSA did not search for claims that were filed before January 2020, the Agency did not identify that it had incorrectly applied the 5-month waiting period and did not pay the beneficiary \$5,292 to which they were entitled. Additionally, this beneficiary should have been entitled to Medicare benefits 5 months earlier.

SSA did not identify and correct the claims for the 19 beneficiaries for a number of reasons:

- Nine beneficiaries filed their claims before January 2020. By limiting the search criteria to claims filed in January 2020 or later, SSA excluded beneficiaries who applied for benefits earlier than January 2020 but for whom SSA did not award benefits until July 23, 2020 or later.
- Four beneficiaries died during the 5-month waiting period when no benefit payments were made. SSA's search criteria only included beneficiaries who died after the Agency began paying benefits.
- The remaining six beneficiaries appeared to have met SSA's selection criteria; however, SSA did not explain why they were not identified for correction.

CONCLUSION

Unless it improves its controls, SSA will continue incorrectly applying waiting periods, which will result in the Agency not paying beneficiaries the benefits to which they are entitled and delaying their entitlement to Medicare benefits.

²⁸ These 19 beneficiaries are not included in the 45 beneficiaries with ALS whom we discussed in the previous section.

RECOMMENDATIONS

We recommend SSA:

1. Review, and take corrective action on, the 222 beneficiaries we identified where SSA may have incorrectly applied a waiting period and delayed Medicare coverage, if applicable.
2. Review, and take appropriate corrective action on, the remaining population of 2,269 beneficiaries with ALS, beneficiaries entitled to CDB, and beneficiaries re-entitled within 5 years for whom SSA may have incorrectly applied waiting periods.²⁹
3. Determine whether it should review and take appropriate corrective action on the remaining population of 28,877 beneficiaries entitled to DWB and have SSI credit.
4. Update all policies referring to the 5-month waiting period exclusion to include all applicable scenarios and clear instructions on how to process claims when the waiting period should not be applied.
5. Create integrity checks within SSA systems that result in alerts or exceptions for scenarios where the 5-month waiting period was applied incorrectly.

AGENCY COMMENTS

SSA agreed with our recommendations, see Appendix C.

²⁹ We identified a higher percentage of errors for beneficiaries with ALS, entitled to CDB, and re-entitled within 5 years (see Table 1) than for the other populations.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed policies and procedures related to waiting-period exclusions, including all changes made after the December 2020 law eliminating the 5-month waiting period for disability beneficiaries entitled based on an Amyotrophic Lateral Sclerosis (ALS) diagnosis.¹
- Evaluated computer system controls related to waiting periods and applicable exclusions.
- Evaluated training materials and other Agency resources employees used to determine whether to apply a waiting period exclusion.
- Interviewed Agency officials and subject-matter experts to confirm our understanding of processes, procedures, and systems related to the application of the 5-month waiting period.
- Followed up on the Social Security Administration’s (SSA) actions to address the recommendation from a prior audit regarding waiting periods and childhood disability benefits.²
- Obtained data from the SSA-831, *Disability Determination and Transmittal*, to identify claimants who were awarded benefits based on a disability in Calendar Years 2020 through 2022 and matched the data to the Master Beneficiary Record to identify five populations of claimants that represent each waiting period exclusion.
 - **ALS Disability:** 281 beneficiaries whom SSA approved for disability benefits on or after July 23, 2020 based on an ALS diagnosis and appeared to have served a 5-month waiting period.³
 - **Childhood Disability Benefits (CDB):** 1,698 beneficiaries entitled to CDB who appeared to have served a 5-month waiting period.
 - **Re-entitled within 5 years:** 690 beneficiaries re-entitled to disability benefits within 5 years who appeared to have served a 5-month waiting period.
 - **Disabled widow(er) beneficiaries re-entitled within 7 years:** 40 beneficiaries re-entitled to Disabled Widow(er)’s Benefits (DWB) within 7 years.
 - **Disabled widow(er) beneficiaries with Supplemental Security Income (SSI) Credit:** 29,052 beneficiaries entitled to DWB with SSI credit.

¹ *ALS Disability Insurance Access Act of 2019*, Pub. L. No. 116-250, 134 Stat. 1128 (2020).

² SSA, OIG, *Childhood Disability Beneficiaries with an Incorrect Waiting Period*, A-09-11-21158 (December 2012).

³ To determine whether beneficiaries appeared to have served a waiting period, we identified those who had a 5-month difference between their date of disability onset and their first month of disability entitlement.

- Reviewed claimants from each population to determine:
 - whether SSA properly applied the waiting period exclusion;
 - the dates disability benefits and Medicare coverage should have begun;
 - the amount the beneficiary was improperly paid, if applicable, with consideration of SSI credit that may apply; and
 - any effect on auxiliary benefits and related improper payments.
- Identified 1,194,271 beneficiaries who were approved for disability benefits and did not meet the criteria of the first 5 populations. We reviewed a random sample of 50 beneficiaries to determine whether any belonged in the first five populations and if a waiting-period exclusion was applied erroneously. We did not find any errors that fell within the scope of this audit.

We conducted our review between September 2023 and June 2024. We assessed the reliability of data obtained for our analysis by (1) performing electronic testing; (2) reviewing existing information about the data and the system that produced them; and (3) tracing a statistically random sample of data to source documents. We determined the data used for this audit were sufficiently reliable to meet our objective.

The principal entities audited were SSA's Offices of the Deputy Commissioner of Operations and the Deputy Commissioner of Retirement and Disability Policy. We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following components and principles as significant to the audit objective.

- Component 1: Control Environment
 - Principle 4: Demonstrate commitment to competence
- Component 2: Risk Assessment
 - Principle 9: Identify, analyze, and respond to change
- Component 3: Control Activities
 - Principle 10: Design control activities
 - Principle 12: Implement control activities
- Component 4: Information and Communication
 - Principle 14: Communicate Internally
- Component 5: Monitoring
 - Principle 17: Evaluate issues and remediate deficiencies

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

Sampling Methodology

We established five populations as detailed in Appendix A. To conduct this review, we used a simple random sample statistical approach. This is a standard statistical approach used for creating a sample from a population completely at random. Each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item had no impact on the selection of other items. Therefore, we were guaranteed to choose a sample that represented the population, was absent of human biases, and ensured statistically valid conclusions of, and projections to, the entire population under review. Our sampling approach for this review ensures our reported projections are statistically sound and defensible.

Table B–1: Populations and Sample Sizes

Population	Population Size	Sample Size
Amyotrophic Lateral Sclerosis (ALS) Disability	281	125
Childhood Disability Benefits (CDB)	1,698	150
Re-entitled Within 5 Years	690	125
Disabled Widow(er) Re-entitled Within 7 Years ¹	40	40
Disabled Widow(er) with Supplemental Security Income (SSI) Credit	29,052	175
Total	31,761	615

¹ We reviewed the entire population of disabled widow(er)s re-entitled within 7 years.

Sample Results and Projections

We reviewed the 615 sampled records to determine whether the Social Security Administration (SSA) accurately applied the law and policy pertaining to disability waiting period exclusions for Old-Age, Survivors, and Disability Insurance beneficiaries.

Amyotrophic Lateral Sclerosis Disability

From the 125 beneficiaries who were approved for disability benefits on or after July 23, 2020 based on an ALS diagnosis and appeared to have served a 5-month waiting period, we found 45 underpayment errors totaling almost \$307,000 because SSA incorrectly applied the waiting period. Based on our results, we projected 101 beneficiaries had underpayments totaling almost \$656,000.

Table B–2: ALS Disability, Waiting Period Exclusion

Description	Number of Payment Errors	Error Amounts
Sample Results ²	45	\$306,796
Projected Quantity/Point Estimate	101	\$620,605
Projection – Lower Limit	86	\$499,949
Projection – Upper Limit	117	\$741,262
Total Projected Error Amount (Projected Point Estimate plus Outlier Actual Amount of \$35,143)		\$655,748

Note: All projections are at the 90-percent confidence level.

² We determined two error amounts of \$18,885 and \$16,258, totaling \$35,143, to be outliers in the data set and excluded them from our projections and will use the actual values of the errors.

From the sample of 125 beneficiaries with ALS, we identified 19 approved for disability benefits but whose claims were processed before March 23, 2021 and who received a Notice of Award dated July 23, 2020 or later, that SSA did not identify, and thus incorrectly applied the waiting period, resulting in underpayments totaling approximately \$129,000.³ Based on our results, we projected 43 beneficiaries had underpayments totaling over \$290,000.

Table B–3: ALS Disability, New Legislation

Description	Number of Payment Errors	Error Amounts
Sample Results	19	\$129,013
Projected Quantity/Point Estimate	43	\$290,021
Projection – Lower Limit	32	\$204,334
Projection – Upper Limit	56	\$375,709

Note: All projections are at the 90-percent confidence level.

Childhood Disability

From the 150 beneficiaries entitled to CDB who appeared to have served a 5-month waiting period, we found 48 underpayment errors totaling over \$141,000. Based on our results, we projected 543 beneficiaries had underpayments totaling over \$1 million.

Table B–4: CDB

Description	Number of Payment Errors	Error Amounts
Sample Results ⁴	48	\$141,661
Projected Quantity/Point Estimate	543	\$1,380,560
Projection – Lower Limit	442	\$1,024,474
Projection – Upper Limit	654	\$1,736,645
Total Projected Error Amount (Projected Point Estimate plus Outlier Actual Amount of \$21,330)		\$1,401,890

Note: All projections are at the 90-percent confidence level.

³ These 19 beneficiaries are not included in the 45 beneficiaries with ALS reported in Table B-2.

⁴ We determined two error amounts of \$11,675 and \$9,655, totaling \$21,330, to be outliers in the data set and excluded them from our projections and will use the actual values of the errors.

Re-entitled Within 5 Years

From the 125 beneficiaries re-entitled to disability benefits within 5 years who appeared to have served a 5-month waiting period, we found 79 underpayment errors totaling over \$459,000. Based on our results, we projected 436 beneficiaries had underpayments totaling over \$2 million.

Table B–5: Re-entitled Within 5 Years

Description	Number of Payment Errors	Error Amounts
Sample Results ⁵	79	\$459,157
Projected Quantity/Point Estimate	436	\$2,349,764
Projection – Lower Limit	388	\$2,036,262
Projection – Upper Limit	481	\$2,663,266
Total Projected Error Amount (Projected Point Estimate plus Outlier Actual Amount of \$43,691)		\$2,393,455

Note: All projections are at the 90-percent confidence level.

Disabled Widow(er) Re-entitled Within 7 Years

From the 40 beneficiaries re-entitled to Disabled Widow(er) Benefits (DWB) within 7 years, we found 7 underpayment errors totaling over \$20,000. We reviewed the entire population and therefore did not project our results.

Table B–6: DWB Re-entitled within 7 Years

Description	Number of Payment Errors	Error Amounts
Sample Results	7	\$20,447

⁵ We determined three error amounts of \$16,640, \$13,691, and \$13,360, totaling \$43,691, to be outliers in the data set and excluded them from our projections and will use the actual values of the errors.

Disabled Widow(er) with Supplemental Security Income Credit

From the 175 beneficiaries entitled to DWB with SSI credit, we found 24 underpayment errors totaling over \$62,000. Based on our results, we projected 3,984 beneficiaries had underpayments totaling over \$9 million.

Table B–7: DWB with SSI Credit

Description	Number of Payment Errors	Error Amounts
Sample Results ⁶	24	\$62,029
Projected Quantity/Point Estimate	3,984	\$9,131,157
Projection – Lower Limit	2,804	\$5,219,580
Projection – Upper Limit	5,440	\$13,042,734
Total Projected Error Amount (Projected Point Estimate plus Outlier Actual Amount of \$7,340)		\$9,138,497

Note: All projections are at the 90-percent confidence level.

Combined Projections

From the 615 sampled beneficiaries, we found 222 payment errors totaling over \$1 million. Based on our results, we project SSA incorrectly applied the waiting period to 5,114 beneficiaries, which resulted in underpayments totaling approximately \$14 million.

Table B–8: Disability Waiting Period Errors

Population	Number of Beneficiaries with Errors ⁷	Error Amounts	Projected Number of Beneficiaries with Errors	Projected Error Amounts
ALS Disability (see Table B-2)	45	\$306,796	101	\$655,748
ALS Disability (see Table B-3)	19	\$129,013	43	\$290,021
CDB (see Table B-4)	48	\$141,661	543	\$1,401,890
Re-entitled within 5 Years (see Table B-5)	79	\$459,157	436	\$2,393,455
DWB Re-entitled within 7 Years (see Table B-6)	7	\$20,447	7	\$20,447
DWB with SSI Credit (see Table B-7)	24	\$62,029	3,984	\$9,138,497
Total	222	\$1,119,103	5,114	\$13,900,058

⁶ We determined an error amount totaling \$7,340 to be an outlier in the data set and excluded it from our projections and will use the actual value of the error.

⁷ We identified outliers in the data sets, excluded them from our projections, and used the actual value of the error. Please see the referenced tables for detailed outlier information.

Appendix C – AGENCY COMMENTS




SOCIAL SECURITY

MEMORANDUM

Date: September 9, 2024

Refer To: TQA-1

To: Michelle L. H. Anderson
Acting Inspector General

From: Dustin Brown 
Acting Chief of Staff

Subject: Office of the Inspector General Draft Report, "Disability Waiting Period Exclusions" (072304) --
INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to
Hank Amato at (407) 765-9774.



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