

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.