



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Earnings Evaluations for
Disability Claimants

A-07-21-51017 September 2024



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 26, 2024

Refer to: A-07-21-51017

To: Martin O'Malley
Acting Commissioner

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

Subject: Earnings Evaluations for Disability Claimants

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration's employees fully developed work activity and earnings for Old-Age, Survivors, and Disability Insurance disability claimants at the initial and reconsideration levels of the application process

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Jeffrey T. Brown, Deputy Assistant Inspector General for Audit.

Attachment

Earnings Evaluations for Disability Claimants

A-07-21-51017



September 2024

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration's (SSA) employees fully developed work activity and earnings for Old-Age, Survivors, and Disability Insurance disability claimants at the initial and reconsideration levels of the application process.

Background

To be eligible for benefits, a claimant must be insured and not engaging in substantial gainful activity (SGA). During the initial and reconsideration levels of the application process, SSA employees determine eligibility by evaluating earnings and developing work activity. To be insured, a claimant must have worked enough to earn the required number of quarters of coverage. If a claimant earns income after the alleged onset date of disability, an SSA employee must determine whether the earnings and associated work activity reflect SGA.

To accomplish our objective, we randomly sampled 100 claimants from each of the following groups: 1,252,622 claimants whose claims SSA allowed; 131,856 claimants whose claims SSA denied because it determined the claimants engaged in SGA; and 847,081 claimants whose claims SSA denied because it determined the claimants were not insured for benefits.

Results

We estimate SSA employees fully developed work activity and earnings for about 1.4 million claimants. However, there was no evidence SSA fully developed work activity and earnings for more than 809,000 claimants. Of these, SSA may have improperly paid more than 435,000. Because SSA did not have required documentation for these claimants, we could not determine whether employees fully developed work activity and earnings and obtained evidence necessary to make accurate earnings evaluations at the initial and reconsideration levels of the application process. It appears SSA did not improperly pay the remaining 374,000 claimants even though it did not have documentation that showed employees fully developed work activity and earnings. For these claimants, subsequent information or other factors on the claims affirmed SSA's determinations. Specifically, for 129 (43 percent) of the 300 claimants we reviewed:

- SSA may have improperly paid 67. For these claimants, SSA employees must complete and document proper earnings evaluations, and, if necessary, send the cases for medical determinations. Until SSA completes these actions, we cannot determine whether the Agency improperly paid the claimants.
- SSA appeared to have paid 62 correctly despite not having required earnings evaluation documentation.

Though SSA has an alert system in place to identify earnings for disability beneficiaries and policies detailing the required actions and information employees must obtain and document, SSA did not always have policy-required evidence to support its determinations.

Recommendations

We recommend SSA:

1. Review and correct the claims for the 67 claimants we identified, as appropriate, including developing for work activity and making medical determinations.
2. Add controls to ensure employees obtain and document in SSA's records all required evidence to support their earnings evaluations before they allow or deny disability claims.

SSA agreed to implement our recommendations.

TABLE OF CONTENTS

Objective.....	1
Background.....	1
Insured Status.....	1
Substantial Gainful Activity.....	3
Scope and Methodology.....	4
Results of Review.....	4
Sample Results.....	5
Development Errors.....	6
Controls over Work Activity Development.....	7
Performance Quality Reviews.....	7
Processing Alerts.....	7
Conclusion.....	8
Recommendations.....	8
Agency Comments.....	8
Other Matters.....	8
Appendix A – Scope and Methodology.....	A-1
Appendix B – Sampling Methodology and Results.....	B-1
Appendix C – Agency Comments.....	C-1

ABBREVIATIONS

AOD	Alleged Onset Date
C.F.R.	Code of Federal Regulations
DDS	Disability Determination Services
FO	Field Office
OIG	Office of the Inspector General
POMS	Program Operations Manual System
PQR	Performance Quality Review
SGA	Substantial Gainful Activity
SSA	Social Security Administration
U.S.C.	United States Code

FORMS

SSA-821-BK	<i>Work Activity Report – Employee</i>
SSA-823	<i>Report of SGA Determination</i>
SSA-831	<i>Disability Determination and Transmittal</i>

OBJECTIVE

To determine whether the Social Security Administration's (SSA) employees fully developed work activity and earnings for Old-Age, Survivors, and Disability Insurance disability claimants at the initial and reconsideration levels of the application process.

BACKGROUND

The Old-Age, Survivors, and Disability Insurance program provides disability benefits to insured workers and their families.¹ SSA defines disability for adults as the inability to engage in substantial gainful activity (SGA) by reason of any medically determinable physical or mental impairment that has lasted, or is expected to last, at least 12 months or result in death.²

During the initial and reconsideration levels of the application process, field office (FO) employees determine the claimant's eligibility by evaluating their earnings and developing for work activity.³ FO employees develop earnings information according to a hierarchy of earnings sources.⁴ Based on available earnings information, FO employees evaluate claimants' work activity to determine whether (1) the claimant is insured for benefits and (2) the level of work constitutes SGA.⁵

Once the FO employee determines eligibility, the disability determination services (DDS) makes the medical determination.⁶ The DDS is not required to develop earnings in the medical determination process, but policy instructs DDS employees to notify the FO if they identify earnings information that is materially different from the FO's eligibility determination.⁷

Insured Status

Generally, claimants must have at least 20 quarters of Social Security-covered earnings during a 40-quarter period to be insured for disability benefits.⁸ Insured claimants have a "date first insured," which is the first day of the quarter they met insured status, and a "date last insured," which is the last day of the quarter they will meet insured status.⁹ The time between the dates first and last insured for disability benefits is the insured period.

¹ *Social Security Act*, §§ 202, 223, 42 U.S.C. §§ 402, 423.

² *Social Security Act*, § 223(d)(1)(A), 42 U.S.C. § 423(d)(1)(A).

³ SSA, *POMS*, DI 10501.020 (September 9, 2016) and DI 10505.005 (May 2, 2019).

⁴ SSA, *POMS*, DI 10505.005, D (May 2, 2019).

⁵ SSA, *POMS*, RS 00301.120 (October 11, 2023) and DI 10505.001 (June 11, 2024).

⁶ SSA, *POMS*, DI 24501.001 (March 6, 2024).

⁷ SSA, *POMS*, DI 10501.025 (June 7, 2024).

⁸ SSA, *POMS*, RS 00301.120 (October 11, 2023).

⁹ SSA, *POMS*, DI 25501.310, A.2 (April 19, 2019) and RS 00301.148 (October 11, 2023).

Claimants can have multiple insured periods.¹⁰ Claimants who are uninsured when they file for benefits but who have an alleged onset date (AOD) that falls within an insured period may be eligible for disability benefits.¹¹ The AOD is the date the claimant alleges they became unable to engage in SGA because of a medical condition.¹²

A claimant's AOD is the FO's starting point in determining the established onset date.¹³ The FO first determines a potential onset date by evaluating non-medical factors. The potential onset date is the earliest date the DDS can use for the established onset date.¹⁴ The established onset date is the date the DDS establishes the claimant first meets the medical, vocational, and other entitlement or eligibility requirements for disability benefits.¹⁵ Based on medical and non-medical evidence and eligibility factors, the DDS may establish an onset date that is earlier than, the same as, or later than the claimant's AOD.¹⁶

If a claimant is not insured for benefits but would become insured with additional quarters of coverage, SSA must consider lag earnings.¹⁷ Earnings paid in the year of filing and the preceding year that are not yet posted to a claimant's earnings record are lag earnings.¹⁸ SSA employees must resolve all earnings discrepancies, coverage issues, and gaps in the earnings record.

An employee cannot disallow a claim for lack of insured status if the claimant will obtain insured status within 4 months of the date of filing and the evidence of earnings for the qualifying quarter is available. Further, SSA cannot technically deny disability claims if there is evidence of reported earnings that would give a claimant insured status at any time in the calendar year.¹⁹

¹⁰ SSA, *POMS*, DI 25501.320, A.2 (May 15, 2020).

¹¹ SSA, *POMS*, DI 25501.300, A (January 13, 2023) and DI 25501.210 (July 27, 2022).

¹² SSA, *POMS*, DI 25501.210, A.1 (July 27, 2022).

¹³ SSA, *POMS*, DI 25501.210, A.2 (July 27, 2022).

¹⁴ SSA, *POMS*, DI 25501.220 (October 26, 2023).

¹⁵ SSA, *POMS*, DI 25501.300 (January 13, 2023) and DI 25501.210.A.2 (July 27, 2022).

¹⁶ SSA, *POMS*, DI 25501.210 (July 27, 2022).

¹⁷ SSA, *POMS*, GN 01010.440 (December 12, 2014).

¹⁸ SSA, *POMS*, RS 01404.005 (January 4, 2024).

¹⁹ SSA, *POMS*, GN 01010.440 (December 12, 2014).

Substantial Gainful Activity

If a claimant earns income after the AOD, an SSA employee must determine whether the earnings and associated work activity reflect SGA.²⁰ Work activity is substantial if it involves significant physical or mental activities and is the kind of work usually done for pay or profit.²¹ SSA establishes a monthly threshold for earnings when evaluating SGA.²² The FO may take the following actions related to SGA determinations:

- If a claimant is earning an amount that is clearly not SGA, an FO employee does not have to develop the work activity, unless the claimant is self-employed.²³
- If the claimant's countable earnings average more than the SGA threshold, an FO employee will determine the claimant is engaging in SGA and deny the claim.²⁴
- If the claimant's work activity is below the SGA threshold, the FO identifies a potential onset date—the earliest possible onset date based on non-medical factors.²⁵

To determine whether a claimant's work constitutes SGA, SSA considers when the claimant worked and how much they earned. Technicians must verify how much claimants earned using policy-mandated sources and document work activity using Form SSA-821-BK, *Work Activity Report – Employee*.²⁶ The FO technician uses Form SSA-821-BK to document work activity and work incentives before they make an SGA determination for initial claims and appeals involving employment. Technicians must also complete Form SSA-823, *Report of SGA Determination*, in all initial determinations that require an SSA-821-BK before they send the claims to the DDS. Employees use the Form SSA-823 to document the SGA determination and rationale.²⁷

²⁰ SSA, POMS, DI 10505.005 (May 2, 2019).

²¹ 20 C.F.R. § 404.1572; SSA, POMS, DI 10501.001 (January 5, 2007).

²² 20 C.F.R. § 404.1574; SSA, POMS, DI 10501.015 (October 18, 2023). The SGA threshold generally changes every year based on changes in the national average wage index. During the period of our review, the monthly SGA threshold for non-blind individuals ranged from \$1,180 to \$1,310.

²³ SSA, POMS, DI 10501.025 (June 7, 2024) and DI 10510.001 (June 13, 2024).

²⁴ SSA, POMS, DI 10505.020, A (June 11, 2024). Earnings may not be countable if the claimant is paid more than the reasonable value of their work; purchases items and services, because of their impairment, to allow them work; receives sick or vacation pay; receives bonuses or incentive pay not for a specific period; or receives royalties for past work or hobbies. SSA, POMS, DI 10505.010 (June 13, 2024).

²⁵ SSA, POMS, DI 25501.220 (October 26, 2023).

²⁶ SSA, POMS, DI 10505.005 (May 2, 2019).

²⁷ SSA, POMS, DI 10505.035 (September 19, 2023).

SCOPE AND METHODOLOGY

We obtained data from SSA's Master Beneficiary Record and Form SSA-831, *Disability Determination and Transmittal*, file to identify claimants who applied for benefits based on a disability or requested a reconsideration of SSA's initial disability determination in Calendar Years 2018 through 2021. We matched the data to SSA's Master Earnings File to identify claimants who had significant earnings but no self-employment income²⁸ in Calendar Years 2017 through 2022.²⁹ We randomly selected and reviewed the earnings evaluations for 300 claimants to determine whether employees completed and documented them as required by policy.³⁰ This included 100 claimants from each of the following groups:

- 1,252,622 claimants whose disability claims SSA allowed;
- 131,856 claimants whose disability claims SSA denied because the Agency determined the claimants engaged in SGA; and
- 847,081 claimants whose disability claims SSA denied because the Agency determined the claimants were not insured for benefits.

RESULTS OF REVIEW

We estimate SSA employees fully developed work activity and earnings for about 1.4 million claimants. However, we estimate, for more than 809,000 claimants, there was no evidence SSA fully developed work activity and earnings. Of these, SSA may have improperly paid more than 435,000.³¹ Because SSA did not have required documentation for these claimants, we could not determine whether employees fully developed work activity and earnings and obtained evidence necessary to make accurate earnings evaluations at the initial and reconsideration levels of the application process. It appears SSA did not improperly pay the remaining 374,000 claimants despite not having documentation showing employees fully developed work activity and earnings. For these claimants, subsequent information or other factors on the claims affirmed the FOs' determinations.

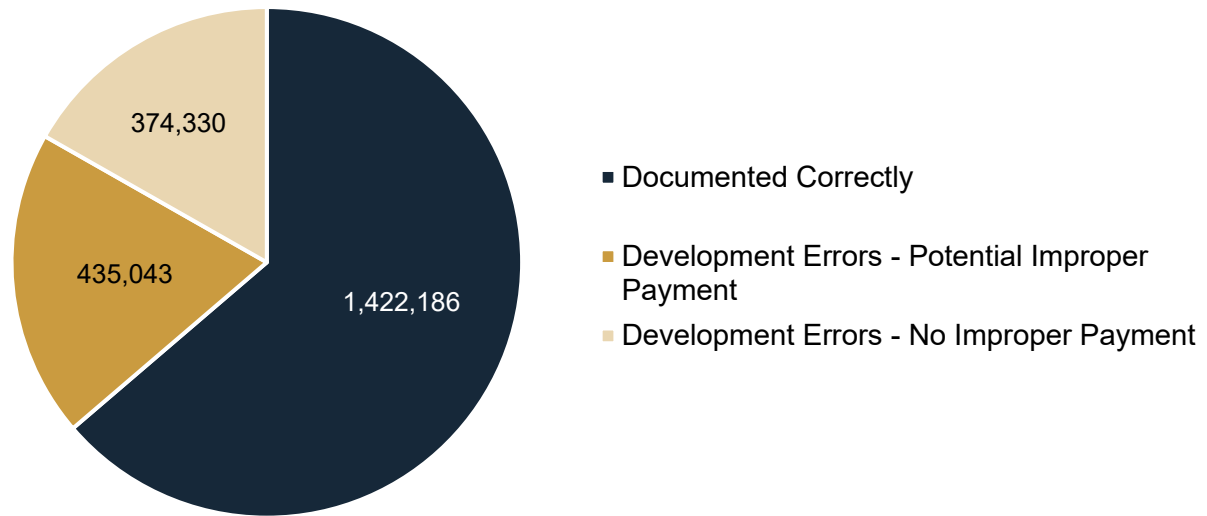
²⁸ We excluded self-employment income from our population because SSA uses different criteria to make SGA determinations for self-employed individuals.

²⁹ We determined earnings to be significant if a claimant had earnings of \$1,170 or greater in 1 or more Calendar Years from 2017 through 2022 because the monthly SGA amount for 2017 was \$1,170, and it increased each year after that. Any earnings below that amount would not affect SSA's determination. SSA, POMS, DI 10501.015, B (October 18, 2023).

³⁰ See Appendix A for additional details about our scope and methodology.

³¹ Potential improper payments include benefits SSA (1) paid to claimants based on claims the Agency should not have allowed and (2) owed to claimants based on claims the Agency should not have denied.

Figure 1: Earnings Evaluations for Disability Claims



Sample Results

Of the 300 claimants we reviewed:

- 171 (57 percent) had documentation indicating employees fully developed work activity and earnings.
- 129 (43 percent) did not have required documentation; therefore, we could not determine whether employees fully developed work activity and earnings. This included:
 - 67 claimants whom SSA may have improperly paid. For these claimants, SSA employees must complete and document proper earnings evaluations, and, if necessary, send the claims to the DDSs to make medical determinations. Until SSA completes these actions, we cannot determine whether it improperly paid the claimants.
 - 62 claimants it appears SSA did not improperly pay despite not having documentation that showed employees fully developed work activity and earnings. For these claimants, subsequent information or other factors on the claims affirmed the FOs' determinations.³²

³² See Appendix B for our sampling methodology and results.

Development Errors

Of the 129 claimants for whom SSA did not have required documentation, SSA may have improperly paid 67. There was no evidence employees fully developed work activity and earnings, including obtaining a Form SSA-821-BK. For these cases, SSA employees must complete and document proper earnings evaluations, and, if necessary, send the cases to DDSs for medical determinations. We asked SSA whether it will complete earnings evaluations or obtain medical determinations for cases that require additional development. SSA responded it would review cases and take corrective actions at the conclusion of the audit. Until SSA completes these actions, we cannot determine whether it properly paid the claimants.

For example, an SSA employee determined a claimant was engaging in SGA and denied their disability claim in March 2020. Neither the Form SSA-821-BK nor the Form SSA-823 was in SSA's records. Case notes indicated the employee determined the claimant's average earnings were over the SGA limit. However, there was no evidence the employee obtained all the information necessary to make the determination. Earnings records show the claimant's earnings had been below SGA since the month SSA denied her claim. To determine whether the employee's denial of the claim was appropriate, an SSA employee would need to reopen the claim; obtain and document earnings information; complete the required Forms; and send the claim to DDS for a medical determination, if applicable.

For the remaining 62 claimants for whom there was no evidence employees fully developed work activity and earnings, additional development would not have led the FO employees to make different determinations. For these claimants:

- The evidence employees obtained at the time of filing did not support their determinations; however, subsequent information affirmed the determinations.
- Employees identified incorrect potential onset dates that would not have affected benefits.
- Employees documented, but did not fully develop for, wages or work incentives, but their determinations were correct based on other factors.
- Employees did not complete Forms SSA-823 when required, but the Forms SSA-821-BK supported their determinations.
- Employees did not develop lag earnings when the claimants filed their claims; however, subsequent information affirmed their determinations.

Controls over Work Activity Development

SSA did not have sufficient controls to ensure employees completed and documented work activity development, including Forms SSA-821-BK and SSA-823, when required. SSA's policy details when and how employees must develop work activity, including which Forms they must complete, how and where to save those Forms, how long to allow claimants to return the Forms, and what to do if claimants do not return the Forms.³³ We identified claimants for whom employees processed determinations on their claims without completing or documenting one or both required Forms. In other cases, employees left parts of the Forms blank and did not indicate whether they obtained information to support their earnings evaluation. Our findings indicate policy alone did not ensure employees complete all necessary actions.

Performance Quality Reviews

Performance quality reviews (PQR) are policy-based quality and accuracy reviews conducted to strengthen the technical proficiency of SSA's workforce. The PQR process requires a minimum of two quality reviews per month for all employees involved in processing claims and post-entitlement actions. SSA stated it monitored technicians with PQRs that targeted earnings evaluations and addressed lack of development for work activity. However, only a small portion of all claims with significant earnings were selected for PQR.³⁴ Further, the PQR process did not ensure employees' earnings evaluations were accurate before employees processed denials or sent claims to the DDSs for medical determinations. Therefore, this control alone was not sufficient, and, because SSA randomly selected claims for review, PQRs did not adequately ensure SSA employees made accurate earnings evaluations. SSA should improve controls to ensure employees fully complete required forms and save all evidence that supports their earnings evaluations in SSA's records before they process determinations.

Processing Alerts

SSA's systems alert FO employees of discrepant information, including potential earnings after the claimant's AOD. The text of the alert indicates the employee should determine whether the AOD was correct. This determination includes developing for work incentives and completing the Forms SSA-821-BK and SSA-823, as appropriate. However, the systems allow employees to process determinations without reviewing potential earnings and completing the forms clearly required by policy.³⁵

³³ SSA, *POMS*, DI 10505.035 (September 19, 2023).

³⁴ From October 2018 through July 2021, SSA received approximately 5.4 million applications for disability benefits. During that period, SSA completed over 68,000 PQRs for initial disability applications.

³⁵ SSA, *POMS*, DI 10505.005 (May 2, 2019).

CONCLUSION

SSA must improve controls over the earnings evaluation process to ensure employees fully develop work activity and earnings at the initial and reconsideration levels of the application process. Until SSA fixes these issues, it may continue incorrectly approving or denying claims. In addition, inaccurate earnings evaluations could lead to incorrect denials, which could prevent disabled individuals from receiving critical benefits.

RECOMMENDATIONS

We recommend SSA:

1. Review and correct the claims for the 67 claimants we identified, as appropriate, including developing work activity and making medical determinations.
2. Add controls to ensure employees obtain and document in SSA's records all required evidence to support their earnings evaluations before they allow or deny disability claims.

AGENCY COMMENTS

SSA agreed with our recommendations; see Appendix C.

OTHER MATTERS

Following are instances where SSA employees failed to follow policy, which may have had adverse consequences.

Earnings Attestations

To help ensure SSA appropriately allows or denies claims and correctly calculates the benefits claimants are entitled to receive, the Agency requires that its employees provide claimants with their earnings information, and claimants must attest to the accuracy of that information. Employees must indicate in the Agency's system and on the Form SSA-821-BK that the claimants attested to the accuracy of their earnings information.³⁶

SSA employees did not document the claimants' attestations for 71 (24 percent) of the 300 claimants we reviewed. This included:

- 5 claimants whose disability claims SSA allowed;
- 65 claimants whose disability claims SSA denied because it determined the claimants engaged in SGA; and
- 1 claimant whose disability claim SSA denied because it determined the claimant was not insured for benefits.

³⁶ SSA, *POMS*, DI 10505.035, C.1, C.2, and D.5 (September 19, 2023).

Without documentation, SSA cannot be assured the claimants reviewed and attested to the accuracy of their earnings information. To the extent claimants' earnings information may have contained errors that went undetected, SSA may have improperly approved or denied their claims or incorrectly calculated the benefits to which they were entitled.

Notice Errors

SSA made notice-related errors for 98 of the 100 claimants it denied based on SGA. These errors ranged from SSA not documenting whether it sent a notice of denial to omitting policy-required components from the notice. Therefore, SSA provided some claimants incomplete or inaccurate information about the reason for their denial or details about their appeals rights. In addition, SSA may not have provided other claimants timely notice it denied their claims, thus delaying their opportunity to appeal and potentially prolonging their disability application process. We are conducting a separate audit to evaluate the accuracy of SSA's manual notices.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws, regulations, and sections of the Social Security Administration’s (SSA) *Program Operations Manual System*.
- Obtained data from the Master Beneficiary Record and Form SSA-831, *Disability Determination and Transmittal*, files to identify claimants who applied for benefits based on a disability or requested a reconsideration of SSA’s initial determination in Calendar Years 2018 through 2021 and matched it to the Master Earnings File to identify claimants with significant earnings, but no self-employment income, in Calendar Years 2017 through 2022.¹
- Reviewed random samples of claimants with disability claims SSA:
 - allowed;
 - denied because the Agency determined the claimants engaged in substantial gainful activity; and
 - denied because the Agency determined the claimants were not insured for benefits.
- Reviewed evidence from the:
 - Evidence Portal, which includes the Claims File User Interface, Online Retrieval System, and Paperless Read Only Query System;
 - eView;
 - Electronic Disability Collect System;
 - Modernized Claims System;
 - Master Beneficiary Record;
 - National Directory of New Hires;
 - Summary and Detailed Earnings Queries; and
 - Work Number (if a Form SSA-8240, *Authorization for SSA to Obtain Wage and Employment Information from Payroll Data Providers* was on file).
- Identified cases that require further development and potentially a medical determination.
- Identified and assessed SSA’s controls over earnings evaluations for claimants applying for benefits or requesting reconsideration based on a disability.

¹ We determined earnings to be significant if a claimant had earnings of \$1,170 or greater in 1 or more Calendar Years from 2017 through 2022. The monthly substantial gainful activity amount for 2017 was \$1,170, and it increased each year after that. Any earnings below that amount would not affect SSA’s determination. SSA, POMS, DI 10501.015, B (October 18, 2023).

- Met with SSA subject-matter experts to gain an understanding of relevant procedures and the overall control environment for earnings evaluations.

We conducted our review between December 2022 and February 2024. We assessed the reliability of the data extract provided by conducting electronic testing and reviewing existing information about the data and the system that produced them. We determined the data were sufficiently reliable for the purposes of this report.

The principal entities audited were the Offices of Operations and 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
 - Principle 5: Enforce Accountability
- Component 3 – Control Activities
 - Principle 10: Design Control Activities
 - Principle 11: Design Activities for the Information System
 - Principle 12: Implement Control Activities
- Component 4 – Information and Communication
 - Principle 13: Use Quality Information
- Component 5 – Monitoring
 - Principle 16: Perform Monitoring Activities

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

To conduct this review, we used a simple random sample statistical approach. For each sampling frame, we selected random samples of 100 claimants for review. These claimants had applied for benefits from January 2018 through December 2021 and had annual earnings of \$1,170 or greater in 1 or more calendar years from 2017 through 2022.¹

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 sampling frame, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire sampling frame under review. Our sampling approach for this review ensures our reported projections are statistically sound and defensible.

Table B–1: Sampling Frame and Sample Size

Sampling Frame	Sampling Frame Size	Sample Size
Allowances ²	1,252,622	100
Substantial Gainful Activity (SGA) Denials ³	131,856	100
Uninsured Denials ⁴	847,081	100
TOTAL	2,231,559	300

Sample Results and Projections

For each sampled case, we determined whether SSA employees fully developed for work and earnings and documented required evidence. We found 129 errors across 3 sampling frames.

¹ We used this amount because the monthly SGA amount for 2017 was \$1,170 and it increased each year after that. Any earnings below that amount would not affect SSA's determination. SSA, POMS, DI 10501.015, B (October 18, 2023).

² Three claimants did not meet our sampling frame criteria because they received self-employment income. We could not identify these claimants when we developed the sampling frame because of data constraints. We randomly selected replacements for these cases.

³ Six claimants did not meet our sampling frame criteria because they received either self-employment income or an allowance. We could not identify these claimants when we developed the sampling frame because of data constraints. We randomly selected replacements for these cases.

⁴ We had no replacement cases for the sampling frame.

Claims the Agency Allowed

We sampled 100 claimants whom SSA allowed at the initial or reconsideration levels. We found SSA did not have evidence it fully developed for work and earnings for 43 claimants when required by policy, projecting to 538,627 claimants in our sampling frame.

Table B–2: Allowance Sampling Frame – Work Activity Error Projections

Description	Number of Claimants with Errors
Sample Results	43
Projected Quantity	538,627
Projected Lower Limit	433,421
Projected Upper limit	647,821

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

Of the 43 claimants for whom SSA did not have evidence it fully developed for work and earnings, 22 may have been overpaid because SSA did not complete or document full work development. We project that, of the 538,627 claimants for whom SSA did not have evidence it properly developed for work activity as required by policy, the Agency may have overpaid or incorrectly denied 275,577 claimants.

Table B–3: Allowance Sampling Frame – Potential Payment Error Projections

Description	Number of Claimants with Errors
Sample Results	22
Projected Quantity	275,577
Projected Lower Limit	192,768
Projected Upper Limit	374,544

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

Claims the Agency Denied Because of Claimants’ Substantial Gainful Activity

We sampled 100 claimants whom SSA denied benefits at the initial or reconsideration levels for engaging in SGA. We found SSA did not have evidence it fully developed for work and earnings for 64 claimants when required by policy, projecting to 84,388 claimants in our sampling frame.

Table B–4: SGA Denial Sampling Frame – Work Activity Error Projections

Description	Number of Claimants with Errors
Sample Results	64
Projected Quantity	84,388
Projected Lower Limit	73,008
Projected Upper Limit	94,927

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

Of the 64 claimants from whom SSA did not have evidence it fully developed for work and earnings, 31 may have been incorrectly denied because SSA did not complete or document full work development. We project, of the 84,388 claimants for whom SSA did not have evidence it properly developed for work activity as required by policy, the Agency may have incorrectly denied 40,875 claimants.

Table B-5: SGA Denial Sampling Frame – Potential Payment Error Projections

Description	Number of Claimants with Errors
Sample Results	31
Projected Quantity	40,875
Projected Lower Limit	30,859
Projected Upper Limit	52,035

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

Claims the Agency Denied Because the Claimants Were Not Insured

We sampled 100 claimants to whom SSA denied benefits at the initial or reconsideration levels because they were uninsured for benefits. We found SSA did not have evidence it fully developed for work and earnings for 22 claimants when required, projecting to 186,358 claimants in our sampling frame.

Table B-6: Uninsured Denial Sampling Frame – Work Activity Error Projections

Description	Number of Claimants with Errors
Sample Results	22
Projected Quantity	186,358
Projected Lower Limit	130,360
Projected Upper Limit	253,283

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

Of the 22 claimants for whom SSA did not have evidence it fully developed for work and earnings, 14 may have been incorrectly denied because employees did not complete or document full work development. We project that, of the 186,358 claimants for whom SSA did not have evidence it properly developed for work activity as required, the Agency may have incorrectly denied 118,591 claimants.

Table B-7: Uninsured Denial Sampling Frame – Potential Payment Error Projections

Description	Number of Claimants with Errors
Sample Results	14
Projected Quantity	118,591
Projected Lower Limit	73,417
Projected Upper Limit	178,030

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

Summary Results and Projections

For 129 (43 percent) of the 300 claimants we reviewed, SSA did not have evidence to support employees fully developed work activity and earnings. We project SSA did not have evidence to support work and earnings determinations, as required, for 809,373 claimants.

Table B–8: Total Error Projections

Sampling Frame	Sample	Projection
Allowances	43	538,627
Substantial Gainful Activity Denials	64	84,388
Uninsured Denials	22	186,358
TOTAL	129	809,373

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

Of the 129, 67 may have been overpaid or incorrectly denied, projecting to 435,043 claimants whom SSA may have improperly paid.

Table B–9: Total Potential Payment Error Projections

Sampling Frame	Sample	Projection
Allowances	22	275,577
Substantial Gainful Activity Denials	31	40,875
Uninsured Denials	14	118,591
TOTAL	67	435,043

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

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: September 16, 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 Memorandum "Earnings Evaluations for Disability Claimants" (A-07-21-51017) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations and continue to work on improving the controls over this workload.

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



Mission:

The Social Security Office of the Inspector General (OIG) serves the public through independent oversight of SSA's programs and operations.

Report:

Social Security-related scams and Social Security fraud, waste, abuse, and mismanagement, at oig.ssa.gov/report.

Connect:

[OIG.SSA.GOV](https://oig.ssa.gov)


Visit our website to read about our audits, investigations, fraud alerts, news releases, whistleblower protection information, and more.

Follow us on social media via these external links:

 @TheSSAOIG

 OIGSSA

 TheSSAOIG

 Subscribe to email updates on our website.