

Earnings Evaluations for Disability Claimants

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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.