



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Funds Dedicated to Address
Program Integrity and Hearings
Backlog Workloads

A-15-19-50885 August 2023



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: August 14, 2023

Refer to: A-15-19-50885

To: Kilolo Kijakazi
Acting Commissioner

From: Gail S. Ennis *Gail S. Ennis*
Inspector General

Subject: Funds Dedicated to Address Program Integrity and Hearings Backlog Workloads

The attached final report presents the results of the Office of Audit's review. The objectives were to determine whether the Social Security Administration's completed counts for program integrity and hearings workloads in Fiscal Years 2017 through 2021 were complete and accurate. In addition, we determined whether the Agency's spending exceeded dedicated funding amounts for program integrity and hearings backlog workloads.

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 Michelle L. Anderson, Assistant Inspector General for Audit.

Attachment

Funds Dedicated to Address Program Integrity and Hearings Backlog Workloads

A-15-19-50885



August 2023

Office of Audit Report Summary

Objectives

To determine whether the Social Security Administration's (SSA) completed counts for program integrity and hearings workloads in Fiscal Years (FY) 2017 through 2021 were complete and accurate. In addition, we determined whether SSA's spending exceeded dedicated funding amounts for program integrity and hearings backlog workloads.

Background

An appropriation represents a limitation on the amounts an agency may obligate and may not be exceeded without legal penalty. Congress can earmark appropriated funds for a limited object or purpose.

In FYs 2017 through 2021, SSA received dedicated funding to assist with program integrity (periodic and work continuing disability reviews [CDR]), non-medical Supplemental Security Income redeterminations, cooperative disability investigation units, and fraud prosecutions by Special Assistant United States Attorneys (SAUSA). Additional dedicated funding assisted SSA with reducing the disability hearings backlog.

We tested samples from each of the completed workloads to determine whether the reported information was accurate and complete. In addition, we reviewed actual costs, per cost reports, spent on program integrity and hearings workloads.

Results

The majority of SSA's completed counts for program integrity and hearings workloads in FYs 2017 through 2021 were complete and accurate. However, we noted errors in the number of:

- CDR mailers the Agency processed for FYs 2017 through 2020;
- prosecutions SAUSAs completed; and
- the total restitutions ordered for FYs 2017 through 2020.

SSA's spending did not exceed dedicated funding amounts for the program integrity and hearings backlog workloads. However, we noted errors in the reported costs incurred to operate the Cooperative Disability Investigation units for FYs 2017 through 2020. These errors were immaterial to the overall reported program integrity costs for the FYs reviewed.

Recommendations

1. Create an internal control or system edit to ensure SSA employees contact a beneficiary and complete an SSA-455, *Disability Update Report*, before they mark a CDR mailer as deferred.
2. Enhance the quality review process to ensure CDR mailers are processed correctly.
3. Enhance controls to ensure all manual adjustments to program integrity figures are made before the figures are reported.

SSA disagreed with Recommendation 1 and agreed with Recommendations 2 and 3.

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ABBREVIATIONS

CDI	Cooperative Disability Investigation
CDR	Continuing Disability Review
FY	Fiscal Year
OIG	Office of the Inspector General
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
ROI	Return on Investment
SAUSA	Special Assistant United States Attorney
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

OBJECTIVES

Our objective was to determine whether the Social Security Administration's (SSA) completed counts for program integrity and hearings workloads in Fiscal Years (FY) 2017 through 2021 were complete and accurate. In addition, we determined whether SSA's spending exceeded dedicated funding amounts for program integrity and hearings backlog workloads.¹

BACKGROUND

An appropriation is a law enacted by Congress and signed by the President that permits Federal agencies to incur obligations and make payments using Department of the Treasury funds for specified purposes.² An appropriation limits how much an agency may obligate during the period specified in the appropriation, and an agency may not exceed that amount. Congress can earmark appropriated funds that are dedicated for a limited objective or purpose. In FYs 2017 through 2021, SSA received \$8.8 billion³ in appropriations with dedicated funding to assist with program integrity and hearings workloads; see Table 1 and Table 2 for the dedicated funding SSA received.

Program Integrity Workloads Covered by Dedicated Funding

Program Integrity workloads are critical to ensuring programs are operating efficiently and payments are being made accurately. These workloads include:

Periodic Continuing Disability Reviews (CDR) are re-evaluations that determine whether disabled beneficiaries are still medically eligible for benefits.⁴ SSA uses predictive models to identify adult beneficiaries for whom there is a lower likelihood of termination based on medical improvement.⁵

- SSA initiates CDRs for adults with lower predictive scores as CDR mailers. In these cases, SSA sends the beneficiary a questionnaire (mailer) to obtain updated information. SSA uses the mailer to determine whether a full medical CDR is appropriate.
- SSA initiates CDRs for all other individuals, including disabled children under age 18, as full medical CDRs. Beneficiaries initiated as a mailer where SSA determined a full medical CDR was appropriate also receive a full medical CDR. These reviews include a new medical evaluation and determination of whether a beneficiary continues to be disabled.

¹ SSA considers pending hearings to be at a reasonable level when the Agency maintains a 270-day average processing time. SSA considers a backlog to exist if the pending hearings keep the average processing time above 270 days. SSA, *Leading the Hearings and Appeals Process into the Future: A Plan for Compassionate And Responsive Service*, p. 3 (January 2016).

² U.S. Constitution, article I, § 9, clause 7; 31 U.S.C. § 1301(a).

³ This includes \$273 million of base funding, for the program integrity workloads, for each FY.

⁴ 42 U.S.C. §§ 421(i), 1382c(a)(3)(H)(ii).

⁵ SSA always initiates CDRs for children receiving Supplemental Security Income payments, including age-18 redeterminations, as full medical reviews.

Work CDRs are periodic re-evaluations to determine whether disabled beneficiaries have returned to work and no longer qualify for benefits.⁶ In FYs 2017 through 2021, SSA spent between approximately \$682 million and \$1 billion on periodic and work CDRs.

Supplemental Security Income (SSI) Redeterminations are periodic reviews of non-medical eligibility factors, such as income and resources, for SSI recipients.⁷ In FYs 2017 through 2021, SSA spent between approximately \$674 and \$810 million on redeterminations.

Cooperative Disability Investigation (CDI) Units are jointly operated by SSA, the Office of the Inspector General (OIG), state disability determination services, and state and local law enforcement. Units investigate suspected disability fraud, including before SSA awards benefits and during the CDR and redetermination processes.⁸ Though SSA funds the CDI units, OIG leads the CDI units' operations. In FYs 2017 through 2021, SSA spent between approximately \$22 and \$38 million on CDI units.⁹

Fraud Prosecutions by Special Assistant United States Attorneys (SAUSA) of alleged fraud that would not otherwise be prosecuted in Federal courts.¹⁰ SAUSAs receive investigative referrals from OIG special agents and work with the agents to develop the referrals into prosecutable cases. Per SSA, it ended FY 2021 with 35 SAUSAs in 33 Federal judicial districts (see Appendix A for more information). In FYs 2017 through 2021, SSA spent between approximately \$3 and \$6 million on the salaries and related expenses for SAUSAs to prosecute fraud.

Program Integrity Funding

Congress provided SSA \$8.4 billion in dedicated funding for program integrity workloads for FYs 2017 through 2021.¹¹ Once SSA receives its dedicated funding, it determines the number of full medical CDRs it needs to perform to prevent a backlog from forming.¹² After SSA creates the target for medical CDRs, it budgets for CDI units and how many it plans to open in that FY, while ensuring funds are available to operate existing CDI units. As mandated by the *Bipartisan Budget Act of 2015*, by October 1, 2022, CDI units covered all 50 states, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.¹³ SSA next creates a budget for the salaries and related expenses of 35 SAUSAs. SSA uses the remaining funding to determine the number of redeterminations it can process. Per SSA, there are no legal requirements for the total number of program integrity

⁶ 42 U.S.C. §§ 422(c), 423(d)(4), (e).

⁷ 20 C.F.R. § 416.204.

⁸ SSA, *HALLEX*, vol. I, ch. I-1-3, sec. I-1-3-1 (December 13, 2013).

⁹ In FYs 2019, 2020, and 2021, SSA transferred \$10, \$10, and \$11.2 million, respectively, to the OIG cover expenses it incurred in managing the CDI Units.

¹⁰ SSA partners with the Department of Justice to recruit, hire, and train attorneys who work in various U.S. Attorney's Offices around the country as SAUSAs.

¹¹ This includes \$273 million of base funding for each FY.

¹² Per SSA, it does not separately budget for work CDRs, as the workload does not have a significant impact on budgeted resources.

¹³ *Bipartisan Budget Act of 2015*, Pub. L. No. 114-74, 129 Stat. 584, p. 601.

workloads it must complete with the dedicated funding; however, SSA sets its own targets for each workload.¹⁴

For FYs 2017 through 2021, SSA received base funding of \$273 million and additional dedicated funding for program integrity workloads as summarized in Table 1.

Table 1: Program Integrity Funding and Spending—FYs 2017 Through 2021
(dollars in millions)¹⁵

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Base Funding ¹⁶	\$273	\$273	\$273	\$273	\$273
Additional Dedicated Funding Received	\$1,546 ¹⁷	\$1,462 ¹⁸	\$1,410 ¹⁹	\$1,309 ²⁰	\$1,302 ²¹
Amount Available from Prior FY	\$0	\$192	\$64	\$33	\$169
Total Funding Available	\$1,819	\$1,927	\$1,747	\$1,615	\$1,744
Total Amount Spent ²²	\$1,627	\$1,863	\$1,714	\$1,446	\$1,623
Amount Available for Next FY ²³	\$192	\$64	\$33	\$169	\$121

SSA provided projected workload counts for program integrity workloads it could have completed had it only received the base funding, see Appendix B. With the additional funding, SSA was able to complete work CDRs, CDR mailers, expand the CDI program, prosecute fraud cases with SAUSAs, and complete additional program integrity cases.

¹⁴ SSA sets targets for program integrity workloads, except for work CDRs and SAUSAs.

¹⁵ These amounts are rounded.

¹⁶ To meet the terms of the *Balanced Budget and Emergency Deficit Control Act of 1985*, SSA received base funding of \$273 million for program integrity workloads in FYs 2017 through 2021. *Balanced Budget and Emergency Deficit Control Act of 1985*, Pub. L. No. 99-177, § 251, 99 Stat. 1037, pp. 1063-72.

¹⁷ *Consolidated Appropriations Act, 2017*, Pub. L. No. 115-31, 131 Stat. 135, p. 560.

¹⁸ *Consolidated Appropriations Act, 2018*, Pub. L. No. 115-141, 132 Stat. 348, pp. 761-62.

¹⁹ *Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019*, Pub. L. No. 115-245, 132 Stat. 2981, pp. 3115-16 (2018). In FY 2019, the OIG received a transfer of \$10 million from SSA to cover expenses the OIG incurred to manage the CDI units.

²⁰ *Further Consolidated Appropriations Act, 2020*, Pub. L. No. 116-94, 133 Stat. 2534, p. 2604 (2019). In FY 2020, OIG received a transfer of \$10 million from SSA for CDI Units.

²¹ *Consolidated Appropriations Act, 2021*, Pub. L. No. 116-260, 134 Stat. 1182, pp. 1619-20 (2020). In FY 2021, OIG received a transfer of \$11.2 million from SSA for CDI units.

²² We did not review detailed, transactional-level information for these costs, and we did not audit a sample of individual transactions. We reviewed summary-level cost reports and manual adjustments to the reports; therefore, we do not express an opinion about the accuracy of the costs.

²³ SSA was authorized to carry dedicated funding amounts forward to March 31 of the following FY.

Hearings Workload

Administrative law judges in SSA’s Office of Hearings Operations conduct hearings and issue decisions. SSA was provided \$440 million in dedicated funding for FYs 2017 through 2021 to reduce the hearings backlog.²⁴ SSA stated, “. . . there were no legal requirements around . . . backlog targets to be met with the funding received”; however, SSA sets its own targets for the number of hearings completed and pending. In addition, SSA set a target to achieve an average processing time of 270 days for pending hearings by FY 2021.²⁵ In FY 2017, the annual average processing time for a hearing was 605 days. By FY 2021, the annual average processing time for a hearing had been reduced to 326 days. Table 2 summarizes the dedicated funding available to SSA for each FY.

Table 2: Funding SSA Received that Was Dedicated to Reduce the Hearings Backlog—FYs 2017 Through 2021 (dollars in millions)²⁶

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Dedicated Funding Received	\$90 ²⁷	\$100 ²⁸	\$100 ²⁹	\$100 ³⁰	\$50 ³¹
Amount Available from Prior FY ³²	\$0	\$48	\$92	\$90	\$87
Total Funding Available	\$90	\$148	\$192	\$190	\$137
Total Amount Spent ³³	\$42	\$56	\$102	\$103	\$113
Funding Available for Next FY	\$48	\$92	\$90	\$87	\$24

²⁴ SSA updated its Compassionate And Responsive Service and Anomaly Plan in FYs 2017 through 2019 to include the funding provided by the appropriations. The Plan laid out the type of workloads and information technology initiatives SSA planned to address using the dedicated hearings funding.

²⁵ SSA, *Compassionate And REsponsive Service (CARES) Plan: 2018-2019 Update*, p. 1 (2019).

²⁶ SSA obligated the following for hearings: FY 2017, \$2,475 million; FY 2018, \$2,598 million; FY 2019, \$2,546 million; FY 2020, \$2,418 million; and FY 2021, \$2,281 million. The total obligated amounts across the years include the dedicated funding that was appropriated each FY and available for 2 FYs.

²⁷ *Consolidated Appropriations Act, 2017*, Pub. L. No. 115-31, 131 Stat. 135, p. 559.

²⁸ *Consolidated Appropriations Act, 2018*, Pub. L. No. 115-141, 132 Stat. 348, p. 761.

²⁹ *Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019*, Pub. L. No. 115-245, 132 Stat. 2981, p. 3115 (2018).

³⁰ *Further Consolidated Appropriations Act, 2020*, Pub. L. No. 116-94, 133 Stat. 2534, p. 2604 (2019).

³¹ *Consolidated Appropriations Act, 2021*, Pub. L. No. 116-260, 134 Stat. 1182, p. 1619 (2020).

³² If the dedicated amounts are not used in the current FY, SSA can carry the amounts forward to September 30 of the following FY for the hearings backlog.

³³ We did not review detailed, transactional level information for these costs and we did not audit a sample of individual transactions. We reviewed summary level cost reports and manual adjustments to the reports; therefore, we do not express an opinion about the accuracy of the costs.

SCOPE AND METHODOLOGY

We tested samples from each of the completed workloads to determine whether the information SSA presented in its Congressional Justification reports and hearings and appeals website was accurate and complete.³⁴ We reviewed supporting documentation, including actual cost reports, from SSA to determine, as applicable per workload, the budgeted cost; targeted workload count; completed workload count; unit cost; and savings. Refer to Appendix CAppendix A for more information about our scope and methodology.

RESULTS OF REVIEW

The majority of SSA's completed counts for program integrity and hearings workloads in FYs 2017 through 2021 were complete and accurate. However, we noted errors in the number of:

- CDR mailers the Agency processed for FYs 2017 through 2020;
- prosecutions SAUSAs completed; and
- the total restitutions ordered for FYs 2017 through 2020.

SSA's spending did not exceed dedicated funding amounts for the program integrity and hearings backlog workloads. However, we noted errors in the reported costs incurred to operate the CDI units for FYs 2017 through 2020. We concluded these errors were immaterial to the overall reported program integrity costs for the FYs we reviewed.

³⁴ We did not design our samples to project errors in misstated completion amounts; therefore, we did not project the potential amount of over/understatement to the full population of completed cases.

Program Integrity Workloads

The Agency's Use of Program Integrity Dedicated Funding

SSA provided total cost and completed workload count information for each of the program integrity workloads, as shown in Table 3.

Table 3: Program Integrity Workloads (dollars in millions)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
CDRs					
Budgeted Cost for all CDRs	\$870	\$852	\$856	\$917	\$703
Actual Cost:					
Full Medical CDRs	\$668	\$754	\$646	\$459	\$548
CDR Mailers	\$29	\$28	\$30	\$19	\$21
Work CDRs	\$232	\$243	\$232	\$216	\$210
Total ³⁵	\$928	\$1,025	\$907	\$682	\$778
Redeterminations					
Budgeted Cost	\$628	\$696	\$785	\$634	\$705
Actual Cost	\$674	\$810	\$768	\$724	\$801
CDI Units³⁶					
Budgeted Cost	\$21	\$26	\$34	\$35	\$41
Actual Cost ^{37,38}	\$22	\$23	\$33	\$35	\$38
SAUSA					
Budgeted Cost	\$4	\$4	\$6	\$6	\$7
Actual Cost	\$3	\$5	\$6	\$5	\$6

³⁵ Per SSA, total CDR costs may not equal the sum of amounts because of rounding and manual adjustments removing other earmarked funds. Other earmarked funds include Information Technology Modernization (FYs 2019 through 2021), *Consolidated Aid, Relief, and Economic Security Act*, Pub. L. No. 116-136, 134 Stat. 281 (2020); *Consolidated Appropriations Act, 2021*, Pub. L. No. 116-260, 134 Stat. 1182 (2020); *American Rescue Plan Act of 2021*, Pub. L. No. 117-2, 135 Stat. 4 (2021).

³⁶ As mandated by the *Bipartisan Budget Act of 2015*, SSA completed CDI unit expansion coverage to all 50 states, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa by October 1, 2022. *Bipartisan Budget Act of 2015*, Pub. L. No. 114-74, 129 Stat. 584, p. 601.

³⁷ In FYs 2019, 2020, and 2021, SSA transferred \$10, \$10, and \$11.2 million, respectively, to the OIG to cover expenses the OIG incurred to manage the CDI Units.

³⁸ A portion of the CDI units' costs are included in overhead applied to the CDR and redeterminations workload costs. The costs are \$4 million for FYs 2017, 2018 and 2021 each and \$5 million for FYs 2019 and 2020 each.

SSA sets targets for program integrity workloads, except for Work CDRs and SAUSAs. See Table 4 for program integrity targeted and completed workload amounts.

Table 4: Program Integrity Workloads

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Full Medical CDRs					
Targeted Completion	870,000	890,000	703,000	703,000	495,000
Actual Completed	874,411	896,508	713,156	463,264	510,510
CDR Mailers					
Targeted Completion	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Actual Completed	1,382,729	1,389,818	1,226,011	1,029,662	1,105,051
Work CDRs					
Actual Completed ³⁹	313,546	314,396	314,102	232,704	289,306
Redeterminations					
Targeted Completion	2,562,000	2,900,000	2,672,000	2,150,000	2,260,000
Actual Completed ⁴⁰	2,590,044	2,913,451	2,666,289	2,153,111	2,367,391
CDI Units					
Target CDI Units Opened	1	3	3	2 to 4	3
Actual CDI Units Opened	1	3	3	4	0
Target CDI Units Operational	40	43	46	48 to 50	52
Actual CDI Units Operational	40	43	46	49 ⁴¹	49
Judicial Actions Taken	90	62	93	77	74
Claims Denied or Ceased ⁴²	4,191	3,371	2,900	1,729	1,078
SAUSA					
Prosecutions Completed	186	189	319	234	262

SSA met or exceeded its targets in FYs 2017 through 2021 for the majority of the workloads. Per SSA, it did not meet targeted FY 2019 redeterminations to avoid the risk of overspending dedicated funding amounts. Also, per SSA, it did not meet targeted FY 2020 full medical CDRs and CDR mailers due to the COVID-19 pandemic. While SSA did not open new CDI units in FY 2021, SSA and OIG created CDI Hubs by leveraging existing units and adding personnel to cover three neighboring states.

³⁹ For FYs 2017 through 2020, work CDRs completed vary from those SSA presented in the *Bipartisan Budget Act of 2015 Section 845(a) Report*; however, the difference was immaterial (less than 1 percent of completed cases).

⁴⁰ For FYs 2017 through 2020, redeterminations completed vary from those SSA presented in the *Bipartisan Budget Act of 2015 Section 845(a) Report*; however, the difference was immaterial (less than 1 percent of completed cases).

⁴¹ SSA opened four CDI units and closed one in 2020. The unit that was closed is covered by another unit.

⁴² Per our Office of Investigations, in FYs 2020 and 2021, there was a decline in CDI productivity because there were limited restrictions on investigation fieldwork due to the COVID-19 pandemic.

We calculated cost per workload for each program integrity workload (except CDI units). In addition, SSA provided return on investment (ROI) information for each workload; see Table 5.

Table 5: Costs per Workload and Estimated Return on Investment⁴³

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Full Medical CDRs and Mailers					
Cost Per Full Medical CDR	\$764	\$841	\$906	\$990	\$1,073
Cost Per CDR Mailer	\$21	\$20	\$25	\$18	\$19
Estimated ROI over a 10-year Period ⁴⁴	\$8 to \$1	\$8 to \$1	\$9 to \$1	\$8 to \$1	\$8 to \$1
Work CDRs					
Cost per Work CDR ⁴⁵	\$739	\$772	\$740	\$929	\$728
Present value of estimated net lifetime OASDI benefits saved, per SSA (in millions)	\$6,600	\$6,700	\$6,900	\$5,100	Not available ⁴⁶
Redeterminations					
Cost per Redetermination	\$260	\$278	\$288	\$336	\$338
Estimated ROI over a 10-year period	\$3 to \$1	\$3 to \$1	\$4 to \$1	\$3 to \$1	\$3 to \$1
CDI Units⁴⁷					
Cost per CDI Investigation Closed ⁴⁸	\$6,903	\$8,779	\$10,503	\$20,233	\$19,915
Projected Savings for SSA Programs (in millions)	\$228.7	\$188.4	\$177.8	\$108.0	\$86.0
SAUSAs					
Cost per prosecution	\$14,919	\$28,746	\$17,421	\$22,512	\$22,841
Restitution to Government (in millions) ⁴⁹	\$145.2	\$20.1	\$29.6	\$25.9	\$31.8

⁴³ We calculated cost per workload by dividing the actual cost per workload (from Table 5) by the actual completed workload amount (see Table 4). We did not audit SSA's workload costs and estimated returns on investment; therefore, we do not express an opinion about their accuracy.

⁴⁴ SSA's estimate includes full medical CDRs and CDR mailers.

⁴⁵ Per SSA, SSI Work CDRs were included in the population it provided us; however, when SSA calculated Work CDR unit costs, it removed SSI Work CDRs. Records that were identified as SSI Work CDRs involved individuals who receive both OASDI benefits and SSI payments. SSA does not perform work CDRs for individuals who receive only SSI payments. For FYs 2017-2020, work CDRs completed vary from those SSA presented in the *Bipartisan Budget Act of 2015 Section 845(a) Report*; however, we concluded the difference was immaterial (less than 1 percent of completed cases).

⁴⁶ According to SSA, because of staffing and resource limitations, its Office of the Chief Actuary has not developed FY 2021 estimates.

⁴⁷ As mandated by the *Bipartisan Budget Act of 2015*, SSA completed CDI unit expansion coverage to all 50 states, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa by October 1, 2022. *Bipartisan Budget Act of 2015*, Pub. L. No. 114-74, 129 Stat. 584, p. 601.

⁴⁸ SSA reported these amounts in the *Bipartisan Budget Act of 2015 Section 845(a) Report*. We did not calculate cost per CDI investigation closed; therefore, we were unable to confirm the accuracy of these amounts. Per our Office of Investigations, in FYs 2020 and 2021, there was a decline in CDI productivity because there were limited restrictions on investigation fieldwork due to the COVID-19 pandemic.

⁴⁹ Restitution includes both SSA and non-SSA restitution.

Inaccurate Completed Counts for Continuing Disability Review Mailers

We tested samples for each of the workloads SSA completed and noted errors in the information SSA provided for the CDR mailer and SAUSA workloads. When a beneficiary does not return a CDR mailer, SSA's policy requires that an employee contact the beneficiary for benefits to continue.⁵⁰ We sampled 105 CDR mailer cases SSA completed in FYs 2017 through 2020 and found seven where employees in SSA's processing centers could not contact the beneficiaries. These cases should have been referred to the field offices to initiate full medical CDRs to determine whether the beneficiaries continued to be eligible for benefits; however, the processing centers' employees closed these cases without further actions. Based on our sample results, we estimate SSA's processing center employees incorrectly closed 335,215 CDR mailer cases without further action. See Appendix D for projection information. Closing cases without further action could lead to incorrect benefit payments to ineligible beneficiaries. SSA does not have a quality control to ensure employees properly processed CDR mailers when the Agency has been unable to contact the beneficiary.

SSA should create an internal control or system edit to ensure SSA employees contact a beneficiary and complete a Form SSA-455, *Disability Update Report*,⁵¹ before they mark a CDR mailer as deferred. The Agency should also enhance the quality review process to ensure employees process CDR mailers according to policy.

Inaccurate Case Information Reported for Prosecutions by Special Assistant United States Attorneys

We sampled 3 SAUSA districts for each FY from 2017 through 2020, for a total of 12 districts. For each district, we verified the number of prosecutions completed⁵² as well as the restitution associated with each case.⁵³ We noted errors that affected the total number of prosecutions completed and total restitution amounts. Specifically, in FY 2017, SSA erroneously excluded one district from reported amounts, understating total prosecutions by four cases (representing 2 percent of total prosecutions).⁵⁴ In addition, in FY 2020, one sampled SAUSA district overstated total prosecutions by six cases (representing 3 percent of total prosecutions).⁵⁵

In response to our findings, SSA is creating a centralized database that summarizes SAUSA workload information and stores supporting case documentation. SSA has also standardized SAUSA reporting and quality control by implementing a single supervisory structure encompassing all SAUSAs.

⁵⁰ SSA, POMS, DI 13004.005, L.2. (September 22, 2016).

⁵¹ SSA, POMS, DI 13004.020 (June 28, 2012).

⁵² Refer to Table 4 for prosecutions.

⁵³ Refer to Table 5 for restitution.

⁵⁴ Percentages are based on the total prosecutions in Table 5. We do not express an opinion about the accuracy of the total amounts based on the results of our sample. In FY 2017, SSA understated restitution by approximately \$820,000 (representing 1 percent of FY 2017 restitution) for the excluded district.

⁵⁵ Percentages are based on the total prosecutions in Table 5. We do not express an opinion about the accuracy of the total amounts based on the results of our sample. In FY 2020, SSA understated restitution by approximately \$732,000 (representing 3 percent of FY 2020 restitution) for a different sampled SAUSA district.

Inaccurate Costs for Cooperative Disability Investigation Units

During our review of program integrity workload cost reports, we noted misstatements in costs for CDI units. SSA relies on its Cost Analysis System to capture accurate workload costs. Once the system gives the total cost output, SSA's finance and budget team manually adjusts the totals to accurately reflect costs per workload. In its FY 2019 Congressional Justification, SSA understated the total actual program integrity obligations, for FY 2017, by approximately \$3.8 million (which represents 17 percent of total CDI costs in FY 2017) because the Agency did not reconcile the various figures it used to calculate CDI costs.⁵⁶ In addition, in FYs 2018 through 2020, SSA made inaccurate manual adjustments to CDI costs; however, we concluded these amounts were immaterial. SSA should enhance its controls to ensure it makes all manual adjustments to program integrity costs before it reports them.

Reducing the Disability Hearings Backlog

At the end of FY 2016, SSA had over 1.1 million pending hearings. At the end of FY 2021, SSA had reduced this amount to approximately 350,000. Table 6 shows SSA's targeted and actual hearings completed and pending in FYs 2017 through 2021.⁵⁷

Table 6: Hearings Workloads

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Completed Hearings					
Target	683,000	738,000	777,000	688,000	465,000
Actual	685,657	765,554	793,863	585,918	451,056
Pending Hearings					
Target	1,071,000	900,000	632,000	352,000	370,000
Actual	1,056,026	858,383	575,421	418,313	350,137

Per SSA, it did not meet its targets for completed hearings in FYs 2020 and 2021 as well as the number of pending hearings at the end of FY 2020 because of the COVID-19 pandemic.⁵⁸ Based on our sample of completed hearings, we determined the number of hearings SSA reportedly completed in FYs 2017 through 2021 was complete and accurate.

⁵⁶ SSA, *FY 2019 Congressional Justification*, p. 152.

⁵⁷ SSA obligated the following for hearings: FY 2017: \$2,475 million; FY 2018: \$2,598 million; FY 2019: \$2,546 million; FY 2020: \$2,418 million; and FY 2021: \$2,281 million. The total obligated amounts across the years include dedicated funding that was appropriated each FY and available for 2 FYs.

⁵⁸ In response to the COVID-19 pandemic, SSA limited in-person services. SSA postponed hearings for claimants who declined telephone or online video hearings until it could resume in-person hearings.

CONCLUSIONS

As SSA notes in its Strategic Plan, dedicated program integrity funding helps ensure individuals receive the benefits to which they are entitled, and it safeguards the integrity of benefit programs to better serve recipients by confirming eligibility, improving payment accuracy for both overpayments and underpayments, and preventing fraud. In addition, program integrity funding allows SSA to conduct SSI redeterminations, conduct the CDI program, and support SAUSAs for fraud prosecutions. These programs help the Agency ensure eligible individuals receive the benefits to which they are entitled.

While the majority of SSA's program integrity and hearings workload counts were complete and accurate, the Agency should strengthen its CDR mailer process. Further, while SSA's spending did not exceed the dedicated funds Congress appropriated for these workloads, the Agency should strengthen its controls to ensure it accurately reports program costs.

It is vital that SSA employ effective processes and controls to ensure the Agency properly uses the funds Congress has appropriated, and to ensure public confidence in SSA's programs and operations.

RECOMMENDATIONS

We recommend SSA:

1. Create an internal control or system edit to ensure SSA employees contact a beneficiary and complete an SSA-455, *Disability Update Report*, before they mark a CDR mailer as deferred.
2. Enhance the quality review process to ensure CDR mailers are processed correctly.
3. Enhance controls to ensure all manual adjustments to program integrity figures are made before the figures are reported.

AGENCY COMMENTS AND OFFICE OF THE INSPECTOR GENERAL RESPONSE

SSA agreed with Recommendations 2 and 3. SSA disagreed with Recommendation 1.

SSA stated the implementation of Recommendation 2 can resolve Recommendation 1. We disagree because these recommendations address two separate issues. SSA needs to create a control or system edit to ensure contact of a beneficiary is completed, as well as enhance the quality review process to effectively find the errors that were noted in this review. See Appendix E for the full text of the Agency comments.



Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SPECIAL ASSISTANT UNITED STATES ATTORNEYS PER DISTRICT

Per the Agency, it ended Fiscal Year (FY) 2021 with 35 Special Assistant United States Attorneys (SAUSA) in 33 Federal judicial districts.

Table A–1: Total SAUSAs Per District as of the End of FY 2021

End of FY 2021 Districts	Number of SAUSAs
District of Massachusetts	1
District of New Hampshire	1
District of Maine	1
Eastern District of New York	1
Northern District of New York	1
District of New Jersey	1
District of Puerto Rico	1
Eastern District of Pennsylvania	2
Northern District of Georgia	1
Eastern District of North Carolina	1
Southern District of Florida	1
Middle District of Florida	1
Eastern District of Kentucky	1
Northern District of Illinois	1
Northern District of Ohio	1
Southern District of Ohio	1
Eastern District of Michigan	1
District of Minnesota	1
Northern District of Texas	1
Southern District of Texas	1
Western District of Texas	1
Middle District of Tennessee	1
Western District of Missouri	1
Eastern District of Missouri	1
District of Colorado	1
District of Utah	1
Northern District of California	1
Eastern District of California	1
Central District of California	1
Southern District of California	2
Western District of Washington	1
District of Oregon	1
District of Maryland	1

Appendix B – BASE FUNDING

The Social Security Administration (SSA) receives base funding of \$273 million for program integrity workloads. SSA determined it could have completed the following workloads with base funding.¹

Table B-1: Projected Completion of Full Medical CDRs and Redeterminations with Base Funding

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Full Medical CDRs	148,948	133,418	116,250	89,956	88,257
SSI Redeterminations	441,120	433,577	434,626	418,087	409,273

¹ To meet the terms of the *Balanced Budget and Emergency Deficit Control Act of 1985*, SSA received base funding of \$273 million for program integrity workloads in FYs 2017 through 2021. *Balanced Budget and Emergency Deficit Control Act of 1985*, Pub. L. No. 99-177, § 251, 99 Stat. 1037, pp. 1063-72.

Appendix C – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Reviewed the
 - *Consolidated Appropriations Act of 2017*, Pub. L. No. 115-31, 131 Stat. 135, pp. 559-61;
 - *Consolidated Appropriations Act of 2018*, Pub. L. No. 115-141, 132 Stat. 348, pp. 760-62;
 - *Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019*, Pub. L. No. 115-245, 132 Stat. 2981, pp. 3114-16 (2018);
 - *Further Consolidated Appropriations Act of 2020*, Pub. L. No. 116-94, 133 Stat. 2534, pp. 2603-05 (2019); and
 - *Consolidated Appropriations Act, 2021*, Pub. L. No. 116-260, 134 Stat. 1182, pp. 1618-20 (2020).
- Reviewed the Social Security Administration's (SSA) Compassionate And REsponsive Services anomaly plan¹ and Operating Plan's for Fiscal Years (FY) 2017- 2021.²
- Reviewed
 - SSA, *FY 2018 Congressional Justification*;
 - SSA, *FY 2019 Congressional Justification* and SSA, *Congressional Justification, FY 2017 Bipartisan Budget Act of 2015 Section 845(a) Report*;
 - SSA, *FY 2020 Congressional Justification* and SSA, *Congressional Justification, FY 2018 Bipartisan Budget Act of 2015 Section 845(a) Report*;
 - SSA, *FY 2021 Congressional Justification* and SSA, *Congressional Justification, FY 2019 Bipartisan Budget Act of 2015 Section 845(a) Report*;
 - SSA, *FY 2022 Congressional Justification* and SSA, *Congressional Justification, FY 2020 Bipartisan Budget Act of 2015 Section 845(a) Report*; and
 - SSA, *FY 2023 Congressional Justification* and SSA, *Congressional Justification, FY 2021 Bipartisan Budget Act of 2015 Section 845(a) Report*.
- Reviewed supporting documentation for budgeted and actual amounts to determine whether published amounts were reasonable and accurate.

¹ SSA, *Compassionate And REsponsive Service (CARES) Plan: 2018-2019 Update* (2019); SSA, *Leading the Hearings and Appeals Process into the Future: A Plan for Compassionate And REsponsive Service* (January 2016).

² SSA's Operating Plans are publicly available at SSA, *Budget Estimates*, Social Security, ssa.gov (August 8, 2023).

- Met with SSA employees to obtain an understanding of the budget process and how SSA determined the projected number of each workload they will be able to complete each FY. We obtained high-level summary reports from SSA and the Office of the Inspector General (OIG) systems (including summary level reports from cost analysis and Social Security Online Accounting and Reporting System from the Office of Finance) to trace costs spent on each workload. We did not obtain detailed, transactional level information for these costs and we did not audit a sample of individual transactions. We reviewed summary-level cost reports and manual adjustments to the reports; therefore, we do not express an opinion about the accuracy of the costs.
- Reviewed the OIG’s Semiannual Reports to Congress for FYs 2017 through 2021.
- Reviewed applicable Federal laws and regulations and SSA’s *Program Operations Manual System*.
- Obtained completed workload population data for each of the workloads for FYs 2017 through 2020. We tested a random sample of 45 completed cases for full medical continuing disability reviews (CDR), work CDRs, redeterminations, hearings, and Cooperative Disability Investigation (CDI) unit cases to determine whether completed case information was accurate.³ (Note: We added FY 2021 to our scope after we had already requested and obtained population data for FYs 2017 through 2020. We did not sample FY 2021 population data, since we did not identify any findings in our samples from FYs 2017 through 2020).
- Because of findings in the original sample of 45 CDR mailers, we expanded our random sample to 105 completed cases for FYs 2017 through 2020, see Appendix D.
- Tested a random sample of 12 Special Assistant United States Attorney (SAUSA) districts (3 each per FY 2017 through 2020).
- Reviewed SSA’s workload quality reports. (Note: SSA does not perform quality reviews over the CDR mailers, CDI units,⁴ and SAUSA workloads.) We gained an understanding of SSA’s quality review process. We did not audit the quality review process or analyze a sample of cases discussed in the quality reports.

We conducted our audit from April 2020 through August 2022. The primary SSA entities we audited were the Offices of Operations, Finance and Budget and Hearings Operations. 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 our 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.

We determined the computerized data we used during our audit—except for completed CDR mailers, completed prosecutions and projected SAUSA savings—were sufficiently reliable given our objectives and the intended use of the data should not lead to incorrect or unintentional conclusions.

³ We reviewed the accuracy of the unit cases completed, as well as any savings (as applicable) with each case.

⁴ The Office of the Inspector General’s Office of Investigations leads the operations of the CDI units and performs quality reviews over them.

We assessed the significance of internal controls necessary to satisfy the audit objectives. 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 as associated with the audit objectives. We identified the following four components and seven principles as significant to the audit objectives.

- Component 1: Control Environment
 - Principle 2: Exercise oversight responsibly
 - Principle 4: Demonstrate commitment to competence
- Component 3: Control Activities
 - Principle 12: Implement control activities
- Component 4: Information and Communication
 - Principle 13: Use of quality information
 - Principle 14: Communicate internally
 - Principle 15: Communicate externally
- Component 5: Monitoring
 - Principle 16: Perform monitoring activities

Appendix D – SAMPLING METHODOLOGY AND RESULTS

We sampled 105 continuing disability review (CDR) mailer cases SSA reported completed in FYs 2017 through 2020 and found seven cases where SSA’s processing centers could not contact the beneficiaries. These cases should have been referred to the field offices to initiate full medical CDRs to determine whether the beneficiaries continued to be eligible for benefits; however, the processing centers’ employees closed these cases without further actions. Based on our sample results, we estimate SSA’s processing centers incorrectly closed 335,215 CDR mailer cases without further action. We estimated incorrect CDR mailer closeouts as show in Table D–1: Estimated CDR Mailer ErrorsTable D–1.

Table D–1: Estimated CDR Mailer Errors

Population	5,028,220
Sample Size	105
Sample Results	7
Point Estimate	335,215
Upper Limit	611,279
Lower Limit	159,418

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

Appendix E – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: July 19, 2023

Refer To: TQA-1

To: Gail S. Ennis
Inspector General

From: Scott Frey
Chief of Staff

Subject: Office of the Inspector General Draft Report "Funds Dedicated to Address Program Integrity and Hearings Backlog Workloads" (A-15-19-50885)—INFORMATION

Thank you for the opportunity to review the draft report. We agree with Recommendations 2 and 3; however, we disagree with Recommendation 1. We believe that Recommendation 1 can be resolved by implementing Recommendation 2, which is a more effective solution.

Please let me know if I can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.



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