
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**FEDERAL EMPLOYEES RECEIVING BOTH
FEDERAL EMPLOYEES' COMPENSATION ACT
AND DISABILITY INSURANCE PAYMENTS**

October 2010

A-15-09-19008

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: October 14, 2010

Refer To:

To: The Commissioner

From: Inspector General

Subject: Federal Employees Receiving Both *Federal Employees' Compensation Act* and Disability Insurance Payments (A-15-09-19008)

OBJECTIVE

Our objective was to determine the extent to which improper payments resulted when Federal employees received both Social Security disability payments and *Federal Employees' Compensation Act* (FECA) payments.

We conducted our review for research and statistical purposes only. Our office will not be taking any action that might affect the rights, benefits, or privileges of specific individuals identified during this review.¹

BACKGROUND

FECA provides Federal employees injured while performing their duties with workers' compensation (WC) benefits, which include wage-loss benefits for total or partial disability, monetary benefits for permanent loss of use of a schedule member,² medical benefits, and vocational rehabilitation. FECA also provides survivor benefits to eligible dependents if the injury causes the employee's death. The Department of Labor (DoL) Office of Workers' Compensation Programs (OWCP) administers FECA.

The Social Security Administration's (SSA) Disability Insurance (DI) program, established under Title II of the *Social Security Act* (Act),³ provides benefits to individuals who become disabled. The Act states, when a DI beneficiary under

¹ 5 U.S.C. § 552a(a)(8)(B)(ii).

² DoL's description of a schedule "member" is functioning body parts, such as arms, legs, hands, feet, fingers, toes, eyes, and ears. See generally 5 U.S.C. §8107.

³ The Act § 223, 42 U.S.C. § 423.

age 65 also receives public disability benefits, which includes WC,⁴ a reduction of the DI benefit may occur.⁵ The Act requires that disability benefits be reduced when the worker is also eligible for periodic or lump sum WC payments, so the combined amount of WC and Social Security disability benefits does not exceed 80 percent of the workers' average current earnings.⁶ The combined payments after the reduction, however, will never be less than the amount of Social Security disability benefits before the reduction.⁷

The Supplemental Security Income (SSI) program, established under Title XVI of the Act,⁸ provides payments to financially needy individuals who are aged, blind, and/or disabled. Generally, for SSI payments, the more income an individual has, the lower his or her payment will be. An individual whose income exceeds a certain amount in a particular month is not eligible for SSI in that month. Overpayments result when the recipient's total amount of compensation received for any period exceeds the total amount the individual should have received in SSI for that period.⁹

In September 2000, DoL provided SSA with a file of FECA recipients for a one-time match against SSA's Master Beneficiary (MBR) and Supplemental Security Record (SSR) to identify possible DI and SSI recipients who did not report, or incorrectly reported, their FECA benefit payments to SSA. SSA initiated a match in July 2001 that concluded in September 2001. The MBR match resulted in 2,732 DI output alerts where the FECA benefit amount and/or the effective date of that benefit amount did not match the WC offset information on the MBR. The SSR match resulted in 483 alerted cases.

RESULTS OF REVIEW

We confirmed with SSA that improper payments resulted when recipients' FECA compensation was not recorded or accounted for in the calculation of their DI benefits. In addition, we estimated improper payments that resulted when SSA did not take into account recipients' FECA compensation in calculating their SSI payments.

We randomly selected and examined 100 FECA recipients: 50 DI beneficiaries and 50 SSI recipients. We re-calculated the recipients' Social Security disability benefits,

⁴ WC is a temporary or permanent payment made under a Federal or State law to a worker because of a work related injury, illness, or disease. Sources of WC payments include Insurance Carrier, State WC Board, Self-insured employer, and DoL and other Federal WC programs.

⁵ The Act § 224(a), 42 U.S.C. § 424a.

⁶ *Id.*

⁷ *Id.*

⁸ The Act, § 1601 *et seq.*, 42 U.S.C. § 1381, *et seq.*; 20 C.F.R. § 416.101, *et seq.*

⁹ See The Act §§ 1611-1612, 42 U.S.C. §§1382-1382a.

taking into account their FECA compensation received in any years from June 2002 to April 2010.¹⁰ It was our goal to determine whether SSA considered FECA in calculating Social Security benefits or whether overpayments occurred. See Appendix B for our scope and methodology and Appendix C for our sampling methodology.

DI Beneficiaries

Of the 50 FECA recipients in our review, 32 had estimated overpayments of DI benefits because their FECA compensation was not considered in the calculation of their DI benefits. Five recipients did not have their FECA compensation recorded and accounted for on their MBR; however, no estimated overpayment resulted. Seven recipients received FECA compensation before becoming entitled to DI benefits; therefore, they did not have to report their FECA compensation since they did not receive FECA compensation while receiving DI benefits. The MBRs of the remaining six recipients indicated the calculation of their DI benefits included the FECA compensation they received. See Table 1.

Table 1: DI Beneficiaries

| Result | Number of DI Recipients |
|---|--------------------------------|
| Recipients Without FECA Compensation Reported on Their MBR, Resulting in an Estimated Overpayment | 32 |
| Recipients Without FECA Compensation Reported on Their MBR with No Resulting Overpayment | 5 |
| Recipients Who Received FECA Compensation But Not While Receiving DI Benefits; Therefore, They Did Not Have to Report Their FECA Compensation | 7 |
| Recipients Whose FECA Compensation Was Reported | 6 |
| Total Sample Size | 50 |

As shown above, 44 of the 50 recipients did not have FECA compensation reported on their MBR. However, 37 of the 50 recipients should have had their FECA compensation reported on their MBR. Projecting to our population of 1,502 recipients, we estimate there were approximately 1,111 recipients who received FECA compensation and DI benefits with no indicator on their MBR of recording, accounting for, and/or possibly offsetting DI benefits because of their FECA compensation. Based on our re-calculation of DI benefits, we determined there were overpayments for 32 of these 37 recipients. Based on these findings, we project approximately \$43 million in estimated overpayments were paid to about 961 beneficiaries for whom SSA did not consider FECA compensation in the initial calculation of their DI benefits. As of the date of this report, 36 of the 37 recipients continue to receive DI benefits. One recipient's benefits terminated due to death. See Appendix C for our sampling methodology.

¹⁰ We performed our re-calculations using SSA's *Interactive Compensation Facility* for DI cases and *eComputations* for SSI cases.

SSI Recipients

Of the 50 SSI recipients in our review, 21 had estimated overpayments because SSA did not take into account their FECA compensation when calculating the recipients' SSI payments. In addition, for two recipients, SSA did not take into account their compensation; however, no estimated overpayment resulted. Further, 12 recipients did not have to report their FECA compensation because they received it before receiving SSI payments. The SSR of the remaining 13 recipients indicated that the calculation of their SSI payments included the FECA compensation they received. Finally, DoL *Agency Query System* (AQS)¹¹ records for two recipients were not available; therefore, we did not perform a re-calculation. See Table 2.

Table 2: SSI Recipients

| Result | Number of SSI Recipients |
|--|---------------------------------|
| Recipients Without FECA Compensation Reported on Their SSR, Resulting in an Estimated Overpayment | 21 |
| Recipients Without FECA Compensation Reported on Their SSR with No Resulting Overpayment | 2 |
| Recipients Who Received FECA Compensation But Not While Receiving SSI Payments—They Did Not Have to Report Their FECA Compensation | 12 |
| Recipients Whose FECA Compensation Was Reported on Their SSR | 13 |
| Recipients Whose FECA Compensation Was Not Available in DoL AQS | 2 |
| Total Sample Size | 50 |

As shown above, 35 of the 50 recipients did not have FECA compensation reported on their SSR. However, 23 of the 50 recipients should have had their FECA compensation reported on their SSR. Using a straight-line estimation methodology to our population of 190, we estimate there were about 87 recipients who received FECA compensation and SSI payments with no indicator on their SSR that SSA took into account the FECA compensation for a possible offset against their SSI payments. Based on our re-calculation of SSI payments, we determined 21 of the 23 recipients were overpaid. Based on these findings, using a straight-line estimation methodology, we estimate approximately \$603,140 in overpayments was paid to about 80 recipients whose FECA compensation was not initially accounted for in the calculation of their SSI payments. As of the date of this report, 20 of the 23 recipients continued to receive SSI payments. See Appendix C for our sampling methodology.

¹¹ AQS displays detailed information on FECA cases for injured workers from Federal agencies. It includes demographic data, up-to-date case status information, and links to the cases' complete compensation payment history.

CONCLUSION AND RECOMMENDATIONS

Based on the results of our analyses, the potential exists for additional overpayments to occur and continue if SSA does not implement corrective action to improve its oversight and monitoring of FECA payments received by DI and SSI beneficiaries. Unfortunately, because of restrictions of the *Computer Matching and Privacy Protection Act of 1988*,¹² we cannot communicate the identities of the individuals noted in our comparisons.

We recommend SSA develop a computer matching agreement with DoL to identify possible DI and SSI claimants whose benefits do not reflect the FECA compensation they received. A matching agreement will allow SSA to perform matching activities similar to what we performed in this review, and take appropriate action for recipients who have overpayments that result from SSA not taking FECA compensation into account.

AGENCY COMMENTS

SSA agreed with our recommendation. The Agency's comments are included in Appendix D.



Patrick P. O'Carroll, Jr.

¹² *The Computer Matching and Privacy Protection Act of 1988* amended the *Privacy Act* by describing the manner in which computer matching involving Federal agencies could be performed and by adding certain protections for individuals applying for and receiving Federal benefits. 5 U.S.C. § 552a(a)(8)(B)(ii).

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Sampling Methodology

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

| | |
|--------|--|
| Act | <i>Social Security Act</i> |
| AQS | Agency Query System |
| C.F.R. | Code of Federal Regulations |
| DI | Disability Insurance |
| DoL | Department of Labor |
| FECA | <i>Federal Employees' Compensation Act</i> |
| FY | Fiscal Year |
| ICF | <i>Interactive Compensation Facility</i> |
| MBR | Master Beneficiary Record |
| OIG | Office of the Inspector General |
| OWCP | Office of Workers' Compensation Programs |
| PCOM | <i>Personal Communications</i> |
| SSA | Social Security Administration |
| SSI | Supplemental Security Income |
| SSN | Social Security Number |
| SSR | Supplemental Security Record |
| U.S.C. | United States Code |
| WC | Workers' Compensation |

Scope and Methodology

The Department of Labor (DoL), Office of Inspector General, assisted us by providing data files from DoL's Office of Workers' Compensation Programs (OWCP). Those files contained *Federal Employees' Compensation Act* (FECA) recipient data. DoL also provided us access to its *Agency Query System* (AQS),¹ which allowed us to determine the amount of FECA payments made to recipients from June 2002 to April 2010. The data files included case management² and 2002 through 2007 benefit payment information.³ We combined these files to obtain a complete FECA record for each recipient. We compared the recipients to the Social Security Administration's (SSA) Master Beneficiary (MBR)⁴ and Supplemental Security Records (SSR).⁵ Descriptions of the matches, extractions, and re-calculation methodologies used in this audit follow.

SSA, MBR, and SSR Matches

We matched the DoL FECA recipient data to SSA's MBR and SSR to determine whether the recipients had an SSA record. This resulted in 206,432 DI matches and 54,599 SSI matches. These matches represented cases where FECA recipients who had an MBR or SSR received FECA compensation in any year from 2002 to 2007. We summarized these matches by Social Security number (SSN) to determine unique recipients, resulting in 54,856 DI recipients and 190⁶ SSI recipients.

¹ AQS displays detailed information on FECA cases for injured workers from Federal agencies. It includes demographic data, up-to-date case status information, and links to access the case's complete compensation payment history.

² This case information is from DoL's National Case Management File. The types of information included are the recipient's name, address, SSN, type of injury, date of injury, etc.

³ This compensation information is from DoL's Automated Compensation Payment System. These files contain 2002 through 2007 compensation payment data.

⁴ The MBR contains information about each claimant who has applied for retirement, survivors, or disability benefits or a claimant who enrolled in the Hospital Insurance or Supplementary Medical Insurance program. For example, the MBR contains the claimant's name, date of birth, gender, etc. *Master File of SSN Holders and SSN Applications*, SSA, Office of Systems, 60-0058, 71 Fed. Reg. 1796, 1826-1827 (Jan. 11, 2006).

⁵ The SSR contains a record for each individual who has applied for Supplemental Security Income (SSI).

⁶ Because the SSR reports all benefit activity from a claim's inception to its present status, it was difficult to determine the extent of reporting of beneficiaries with workers' compensation based solely on an extraction of unearned income fields. Therefore, we applied specific extractions to the population of FECA recipients to determine whether they were entitled to SSI benefits. This resulted in 462 recipients. We summarized the 462 by SSN to determine unique recipients. This yielded 190 recipients. From this population we reviewed a sample of 50 recipient SSRs to determine whether SSA took into account their FECA compensation in the calculation of their SSI benefits.

Extractions

After the match to the MBR and SSR, we performed extractions to determine the recipients whose FECA compensation SSA did not take into account in the initial calculation of their Social Security disability benefits.

DI Recipient Extractions

From the population of 54,856 FECA recipients who received DI benefits as primary beneficiaries,⁷ we excluded recipients who were not in current pay status⁸ and had workers' compensation (WC) indicators on their MBR.⁹ We also excluded recipients who had WC information posted to their WC/PDB Datasheet/Query.

SSI Recipient Extractions

From the population of 54,599 SSR matches, we excluded recipients who applied for SSI payments, but never received them, and recipients denied payments. We also excluded recipients who were not primary beneficiaries in current pay status.

The results of the DI and SSI extractions yielded approximately 1,502 beneficiaries and 190 recipients, respectively, who received FECA compensation in any 1 year, or all years from 2002 to 2007, and appeared not to have WC indicators on their MBR or SSR. Although these extractions were effective, further certainty required a review of each recipient's MBR and SSR. We accomplished this certainty by reviewing a statistical sample of 50 beneficiary MBRs and SSRs. If we determined that recipients' FECA compensation was not included in the calculation of their Social Security disability benefits, we re-calculated the benefits to determine an estimated DI or SSI overpayment.

⁷ SSA, POMS, GN 03301.002 B. A "primary beneficiary" is a Social Security numberholder entitled to benefits on his/her own work record. An "auxiliary beneficiary" is someone entitled to benefits based on someone else's work record, by virtue of relationship to the numberholder.

⁸ For the purposes of this review, we selected beneficiaries with Ledger Account File code "C," which indicates a beneficiary is in insured current payment status, that is, one who is receiving monthly benefits.

⁹ When FECA recipients report their compensation, their MBR should be populated with the following WC fields: WC type, WC/ Public Disability (WC/PDB) Benefit: Start Date, Offset Type, Offset start date, Average Current Earnings effective date, and indicators that a beneficiary received periodic WC payments.

Re-calculation of Social Security Disability Benefits

Based on our review of a sample of FECA recipients' MBRs and SSRs, we confirmed with SSA what recipients' FECA compensation the Agency did not take into account in the calculation of their Social Security disability benefits. Based on instructions provided by SSA, we re-calculated the Social Security disability benefits as if the FECA compensation was included in the calculation of their DI and SSI payments. We performed these re-calculations by entering FECA compensation amounts the recipient received in any 1 year, or all years, from June 2002 to April 2010, into the *Interactive Compensation Facility* (ICF) of SSA's *Personal Communications* (PCOM) application for DI cases and *SSI eComputations* for SSI cases. The difference between what the beneficiary received and what we re-calculated was the estimated overpayment.

Re-calculation Steps

Re-calculations of DI and SSI payments entailed the following steps.

1. Reviewed copies of the MBR, WC/PDB Datasheet/Queries, and SSR to determine whether they reflected WC data.
2. Reviewed DoL's AQS to determine the monthly amount of FECA compensation paid to the recipient from June 2002 to April 2010.
3. Determined the amount of DI and SSI payments paid to the recipient in the period they received FECA compensation.
4. Entered the FECA compensation the recipient received into ICF for DI or *SSI eComputations* for SSI to re-calculate benefits.
5. Determined whether there was an overpayment of DI or SSI benefits.

An Operations Analyst and Program Expert from SSA's Office of Disability Operations provided instructions and assisted us in re-calculating the DI benefits. For the sample of 50 beneficiaries we tested who received DI benefits, they confirmed instances where improper payments resulted because SSA did not take into account the recipients' FECA compensation in the calculation of their DI benefits. They also reviewed 20 percent of the re-calculated DI benefits we performed to ensure accuracy.

In addition, an analyst from SSA's Office of Applications and Supplemental Security Income Systems provided us instructions of how to re-calculate SSI payments that include WC. Based on the analyst's instructions, we performed re-calculations for the sample of 50 recipients who received SSI payments to estimate improper payments that resulted when SSA did not take into account the recipients' FECA compensation in the calculation of their SSI payments.

The Privacy Act

The *Privacy Act of 1974*, as amended, places limitations on the use of records. According to the *Privacy Act*, "...no record which is contained in a system of records may be disclosed to a recipient agency or non-Federal agency for use in a computer matching program except pursuant to a written agreement between the source agency and the recipient agency or non-Federal agency..."¹⁰ However, the term "matching program" does not include "...matches performed to support any research or statistical project; the specific data of which may not be used to make decisions concerning the rights, benefits, or privileges of specific individuals."¹¹ This applies to our computerized comparison of data, which we performed for research and statistical purposes only.

Data Reliability

We determined that the data used in this report were sufficiently reliable given the audit objective and intended use of the data. We did not review DoL recipient case files to determine whether any additional FECA data provided by DoL's OIG were accurate, complete, and valid. Furthermore, we did not assess SSA's internal controls used to administer its FECA program. We performed our fieldwork from February to June 2010.

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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁰ 5 U.S.C. § 552a(o)(1).

¹¹ 5 U.S.C. § 552a(a)(8)(B)(ii).

Sampling Methodology

The Department of Labor provided us access to its *Agency Query System*, which allowed us to ascertain the amounts of *Federal Employees' Compensation Act* (FECA) compensation paid to recipients from 2002 to 2010. We determined there were 54,856 Disability Insurance (DI) beneficiaries and 190 Supplemental Security Income (SSI) recipients who had a Master Beneficiary (MBR) or Supplemental Security Record (SSR), respectively. Based on our extractions, we determined that 1,502 FECA recipients possibly received DI benefits without the Social Security Administration (SSA) taking into account their FECA compensation in the initial calculation of their Social Security disability benefits. We also determined that 190 recipients received SSI payments that may or may not have been calculated taking into account the FECA compensation received. Although our extractions were effective, further certainty required a review of the recipients' MBRs and SSRs. We accomplished this by randomly selecting samples of 50 DI beneficiaries and 50 SSI recipients to determine whether SSA took into account their FECA compensation or whether overpayments occurred.

We identified two sampling frames, DI and SSI. The DI sample included FECA recipients who received DI benefits as primary beneficiaries,¹ were in current pay status, and whose FECA compensation was not included in the calculation of their DI benefits on their MBR. The SSI sample included FECA recipients who received SSI payments, who were in current pay status, and whose FECA compensation was not included in the calculation of their SSI payments on their SSR.

DI

We projected our results based on our review of 50 FECA recipients who received DI benefits. We projected FECA recipients who received DI benefits with no indicator that SSA took into account their FECA compensation in the calculation of their benefits. The following table provides the details of our sample results and statistical projection.

¹ SSA, Program Operations Manual System, GN 03301.002 B. A "primary beneficiary" is a Social Security numberholder entitled to benefits on his/her own work record. An "auxiliary beneficiary" is someone entitled to benefits based on someone else's work record, by virtue of relationship to the numberholder.

| Sample Results and Attribute Projection for FECA Recipients Who Received DI Benefits with No Indicator That Their FECA Compensation Was Recorded and Accounted for | |
|---|-------|
| Population Size | 1,502 |
| Sample Size | 50 |
| Number of Instances Where DI Beneficiaries Received SSA Disability Benefits with No Indicator That FECA Compensation Was Recorded and Accounted for | 37 |
| Point Estimate | 1,111 |
| Lower Limit | 933 |
| Upper Limit | 1,257 |

Note: Projections are at the 90-percent confidence level.

We developed attribute and variable projections based on the 50 FECA recipients who received DI benefits with no indicator that FECA compensation was recorded and accounted for that resulted in an estimated overpayment. The following table provides the details of our sample results and statistical projections.

| Sample Results Where FECA Recipients Received DI Benefits with No Indicator That Their FECA Compensation Was Recorded and Accounted for That Resulted in an Overpayment | |
|---|--------------|
| Population Size | 1,502 |
| Sample Size | 50 |
| Number of Instances Where DI Beneficiaries Received SSA Disability Benefits with No Indicator That FECA Compensation Was Recorded and Accounted for that Resulted in an Overpayment | 32 |
| Resulting Overpayments for DI Beneficiaries Whose FECA Compensation Was Not Recorded and Accounted for | \$1,444,351 |
| Attribute Projection | |
| Point Estimate | 961 |
| Lower Limit | 776 |
| Upper Limit | 1,128 |
| Variable Projection | |
| Point Estimate | \$43,388,304 |
| Lower Limit | \$29,746,908 |
| Upper Limit | \$57,029,700 |

Note: Projections are at the 90-percent confidence level.

SSI

We performed a straight-line estimate for the FECA recipients who received SSI payments with no indicator that SSA took into account their FECA compensation. From our sample of 50 recipients, we determined that 23 (46 percent) received SSI payments with no indicator that SSA took into account their FECA compensation. Therefore, we estimate 87 of the 190 displayed this characteristic.

| Sample Results Where FECA Recipients Received SSI with No Indicator Their FECA Compensation Was Recorded and Accounted for | |
|---|-----|
| Population Size | 190 |
| Sample Size | 50 |
| Number of Instances Where Recipients Received SSI with No Indicator That FECA Compensation Was Recorded and Accounted for | 23 |
| Percentage | 46 |
| Straight Line Estimate of Recipients | 87 |

Further, 21 of the 50 (42 percent) recipients received SSI payments with no indicator on their SSR that SSA took into account their FECA compensation, resulting in overpayments of \$158,721. A straight-line estimate² resulted in a total estimated overpayment of \$603,140 for 80 recipients. The following table provides the details of our sample results and estimate.

| Sample Results Where FECA Recipients Received SSI Payments with No Indicator That Their FECA Compensation Was Recorded and Accounted for That Resulted in an Overpayment | |
|---|-----------|
| Population Size | 190 |
| Sample Size | 50 |
| Number of Instances Where Recipients Received SSI with No Indicator That FECA Compensation Was Recorded and Accounted for | 21 |
| Percentage | 42 |
| Straight-Line Estimate of Recipients | 80 |
| Amount Overpaid | \$158,721 |
| Straight-Line Estimate of Overpayments ² | \$603,140 |

² We based our straight-line estimate on the following equation: $\$158,721/50 \times 190$. We used a similar calculation for the estimate of recipients.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: September 16, 2010 **Refer To:** S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: James A. Winn /s/
Executive Counselor
to the Commissioner

Subject: Office of the Inspector General (OIG) Draft Report, "Federal Employees Receiving Both *Federal Employees' Compensation Act* and Disability Insurance Payments" (A-15-09-19008) --
INFORMATION

Thank you for the opportunity to review the subject draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Rebecca Tothoro, Acting Director, Audit Management and Liaison Staff, at (410) 966-6975.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “FEDERAL EMPLOYEES RECEIVING BOTH *FEDERAL EMPLOYEES’ COMPENSATION ACT* AND DISABILITY INSURANCE PAYMENTS” (A-15-09-19008)

Thank you for the opportunity to review the subject report. We offer the following comments and a response to your recommendation.

GENERAL COMMENTS

Your report focuses on the entire population of persons receiving *Federal Employees Compensation Act* (FECA) payments who may also be improperly receiving Disability Insurance (DI) or Supplemental Security Income (SSI) disability payments. On September 14, 2006, you issued a report titled, “Federal Employees’ Compensation Act – Social Security Administration Employees (A-15-06-26123).” As the title suggests, your 2006 study focused more narrowly on only former Social Security Administration (SSA) employees. You reached similar conclusions in both reports that some FECA beneficiaries may also be receiving DI and SSI payments improperly.

In the first report, you recommended that “SSA coordinate with the OIG to develop a computer matching agreement with [Department of Labor (DoL)] to acquire FECA recipient data to match on a periodic basis with data contained in SSA’s systems.” We agreed with your September 2006 recommendation, and, in fact, had already begun negotiations some months prior to establish such a match with the DoL. We drafted an agreement, and by May 2006, two of our executives had signed it. There is no indication, however, that DoL ever signed the agreement.

We were unsuccessful in determining why the agreement was not concluded with DoL. The executives who signed it left the agency more than two years ago, and no one remains who can recall any specifics about the situation. Some recollect that there may have been some resistance on the part of DoL, but we cannot definitively say that was the case. All this notwithstanding, we plan to pursue establishing a matching agreement with DoL as you recommend.

RESPONSE TO RECOMMENDATION

Recommendation

Develop a computer matching agreement with DoL to identify possible DI and SSI claimants whose benefits do not reflect the FECA compensation they received. A matching agreement will allow SSA to perform matching activities similar to what we performed in this review and take appropriate action for recipients who have overpayments that result from SSA not taking into account FECA compensation.

Response

We agree.

We are currently drafting a computer matching agreement for this purpose and have started discussions with the DoL. Under the agreement, we will ask DOL's Office of Workers' Compensation Programs to:

“disclose Federal employee compensation benefit data to the Social Security Administration (SSA). The disclosure will provide SSA with information necessary to verify the accuracy of payment eligibility factors for the Supplemental Security Income (SSI) program ... and the Title II disability insurance program”

We have determined that the legal authority to perform this computer match is included in Sections 224(h)(1) and 1636(f) of the Social Security Act which require Federal agencies to furnish us with information necessary to verify eligibility for the SSI and DI programs.

This agreement will also be governed by the *Computer Matching Privacy Protection Act of 1998* (CMPPA). Under CMPPA, we are required to have both agencies Data Integrity Boards approve the agreement, publish a *Federal Register* Notice, and in addition, send notification to OMB and Congress.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Victoria Vetter, Director, Financial Audit Division

Deborah Kinsey, Audit Manager

Acknowledgments

In addition to those named above:

Ronald Anderson, Auditor-In-Charge

For additional copies of this report, please visit our Website at www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-15-09-19008.

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Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.