



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Disability Payments to Beneficiaries or Recipients Receiving Illinois or Texas Workers' Compensation Benefits

A-06-20-50922 May 2024



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: May 17, 2024

Refer to: A-06-20-50922

To: Martin O'Malley
Commissioner

From: Gail S. Ennis 
Inspector General

Subject: Disability Payments to Beneficiaries or Recipients Receiving Illinois or Texas Workers' Compensation Benefits

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 controls identified Disability Insurance beneficiaries and Supplemental Security Income recipients who also received Illinois or Texas workers' compensation benefits.

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

Disability Payments to Beneficiaries or Recipients Receiving Illinois or Texas Workers' Compensation Benefits

A-06-20-50922



May 2024

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration's (SSA) controls identified Disability Insurance (DI) beneficiaries and Supplemental Security Income (SSI) recipients who also received Illinois or Texas workers' compensation (WC) benefits.

Background

State WC programs provide medical and monetary benefits to people who are injured or have a work-related illness. Those eligible for WC benefits may also be entitled to SSA benefits. Under the *Social Security Act*, SSA may reduce DI benefits and/or SSI payments when a worker also receives periodic or lump-sum WC benefit payments.

SSA relies on disability claimants and beneficiaries to voluntarily disclose their WC benefit payment information. It is important that, during initial and subsequent interviews, SSA determine whether the beneficiary was, is, or will be entitled to WC benefits. SSA technicians are responsible for identifying potential WC offset when they review applications and forms.

We obtained WC benefit payment data from Illinois and Texas that identified individuals who had approved WC claims with incident/accident dates from January 2011 to December 2019. Our match of the data identified 19,207 beneficiaries who may have received DI or SSI and WC benefit payments during the same period.

Results

SSA's controls did not always identify Illinois or Texas WC benefits paid to DI beneficiaries and SSI recipients. In 35 of 100 randomly selected cases we reviewed, SSA did not identify Illinois or Texas WC benefit payments received by SSA disability beneficiaries or incorporate those amounts into its benefit payment computations.

SSA did not have access to accurate and complete WC benefit payment information for all states to match against SSA records. As a result, SSA depended on claimants and beneficiaries to self-disclose receipt of WC benefit payments. The errors in our sample cases resulted from a combination of SSA technician errors and beneficiaries' failure to disclose that they were receiving Illinois or Texas WC benefit payments.

Based on our sample results, we estimate SSA issued approximately \$28.6 million in overpayments to 5,186 beneficiaries who simultaneously received SSA disability payments and Illinois or Texas WC benefit payments.

Recommendations

SSA should:

1. Develop the 35 sample cases where Illinois or Texas WC benefit payment data were not reflected in beneficiaries' payment records and establish overpayments, as appropriate.
2. Evaluate the feasibility of a legislative proposal requiring states to provide WC payment information to SSA.
3. Update initial claim and post-entitlement processes to more explicitly request claimants and beneficiaries report whether they have received, will receive, or expect to receive WC benefit payment information.

SSA agreed with our recommendations.

TABLE OF CONTENTS

Objective	1
Background	1
Prior Audits	2
Scope and Methodology	3
Results of Review	3
Agency Technician Errors	4
No Workers' Compensation Evidence in Agency Records	5
Factors that Contributed to Payment Errors	6
Data Matching	6
Technician Training	7
Communication with Beneficiaries	7
Conclusions	9
Recommendations	9
Agency Comments	9
Appendix A – Scope and Methodology	A-1
Appendix B – Sampling Methodology and Results	B-1
Appendix C – Notices and Pamphlets	C-1
Appendix D – Form Design Deficiency Illustrations	D-1
Appendix E – Agency Comments	E-1

ABBREVIATIONS

CDR	Continuing Disability Review
DI	Disability Insurance
FY	Fiscal Year
MCS	Modernized Claims System
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code
WC	Workers' Compensation

FORMS

Form SSA-821-BK	<i>Work Activity Report – Employee</i>
Form SSA-454-BK	<i>Continuing Disability Review Report</i>

OBJECTIVE

To determine whether the Social Security Administration's (SSA) controls identified Disability Insurance (DI) beneficiaries and Supplemental Security Income (SSI) recipients who also received Illinois or Texas workers' compensation (WC) benefits.

BACKGROUND

State WC programs provide medical and monetary benefits to people who are injured on the job or have a work-related illness. Those eligible for WC benefits may also be entitled to SSA benefits. Under the *Social Security Act*,¹ SSA may reduce DI benefits when a worker also receives periodic or lump-sum WC benefit payments.² This reduction is referred to as WC offset. Under the SSI program, WC benefit payments, less expenses incurred in getting the payment (for example, legal expenses), are considered unearned income and can reduce the SSI payment.³

SSA does not have access to accurate and complete WC benefit payment information for all states to match against SSA records so it must rely on disability claimants and beneficiaries⁴ to voluntarily disclose their WC benefit payment information. It is important that, during the initial, and any subsequent, interviews SSA determine whether a claimant was, is, or will be entitled to WC benefits.⁵ SSA captures the WC information through Modernized Claims System (MCS) screens, Consolidated Claims Experience screens, or by using a Form SSA-546, *Workers' Compensation/Public Disability Benefit Questionnaire*. After a beneficiary becomes entitled to benefits, a period known as post-entitlement, SSA must update its records to reflect changes in the beneficiary's circumstances to ensure it issues the correct benefit payments.⁶ SSA technicians are responsible for identifying potential WC offset when they review applications and forms.⁷

¹ 42 U.S.C. § 424a. The *Social Security Act* requires that SSA reduce DI benefits when the worker is also eligible for periodic or lump-sum WC benefit payments so the combined amount of the WC and DI benefits payable to the beneficiary and others on the record do not exceed a statutory limit, that is the higher of either 80 percent of the worker's average current earnings or the total family benefits payable to the worker and any auxiliaries in the first possible month of offset. SSA, *POMS*, DI 52101.001 (September 18, 2018).

² SSA, *POMS*, DI 52101.001.B.1 (September 18, 2018) explains WC offset may also reduce benefits payable to auxiliaries on the same earnings record.

³ SSA, *POMS*, SI 00830.235 (May 11, 2009) and 42 U.S.C. § 1382a(a)(2)(B).

⁴ We use the term beneficiary throughout this document to refer to both DI beneficiaries and SSI recipients.

⁵ SSA, *POMS*, DI 52140.001 (June 3, 2010).

⁶ SSA, *POMS*, GN 02602.005 (July 12, 2023).

⁷ SSA, *POMS*, DI 52140.001.B (June 3, 2010) lists the following forms as potential sources SSA technicians may use to determine potential WC offset: MCS DISB screen or the iClaim (Internet Claim Application); SSA-16-F6 (Application for Disability Insurance Benefits); SSA-3441-BK (Disability Report-Appeal); SSA-3368-BK (Disability Report-Adult); SSA-454-BK (Continuing Disability Review Report); SSA-821 (Work Activity Report); medical evidence the claimant submitted; SSI claims; or work history.

Reliance on claimant self-disclosure can result in gaps in accounting for WC benefit payments. Claimants are reminded of their reporting responsibilities for WC payment during the initial interview and informed of how their failure to report these payments to SSA timely may lead to an overpayment. When a claimant voluntarily acknowledges receipt of, or indicates there is a pending claim for, WC benefits but is unable or unwilling to provide the necessary verification or documentation, SSA can send Form SSA-1709, *Request for Workers' Compensation/Public Disability Benefits Information*, to state WC offices to verify WC benefit payment information.⁸ However, if a claimant fails to disclose WC information, SSA's policy does not require that technicians send the Form SSA-1709.

External factors also add to SSA's difficulty in obtaining accurate WC benefit payment information. While states administer WC benefits, not all states offer an online portal for verifying WC benefit payment information. For example, Illinois provides an online public access portal for anyone who wants to view WC data, while Texas does not.⁹ This inconsistency complicates SSA's ability to cross-check and confirm WC allegations.

Prior Audits

Since September 2018, we issued four reports that identified improper payments related to WC offset.¹⁰ For example, in a 2023 report that analyzed WC lump-sum settlements, we estimated SSA improperly paid about \$360 million in DI benefits and \$7.9 million in salary costs to correct the processing issues.¹¹ Based on these four reports, we believe SSA improperly paid beneficiaries because:

- SSA did not follow its policies and procedures;
- SSA did not properly obtain or evaluate WC documentation, appropriately enter WC data into SSA's records, or take required actions to reduce DI benefits;
- SSA did not provide consistent training based on workload deficiencies;
- SSA did not use third-party data, such as available state online portals, to identify WC;
- SSA did not always provide beneficiaries required printed reminders to report WC; and
- Beneficiaries did not always report potential WC benefit payments.

⁸ SSA, *POMS*, DI 52145.010 (October 6, 2011).

⁹ The Illinois WC Commission provides an online portal as a public service for general status of past and current WC cases. Case information can be pulled up by case number or name.

¹⁰ SSA, OIG, [Workers' Compensation Lump-sum Settlements](#), 012308 (September 2023); [Appropriateness of Actions Taken on Pending Workers' Compensation Cases](#), A-05-18-50627 (October 2019); [Disability Insurance Claims with Ohio Workers' Compensation Benefits](#), A-04-17-50251 (September 2018); and [Accuracy of the Determination of Workers' Compensation Offset During Disability Insurance Claims Processing](#), A-02-14-34090 (September 2018).

¹¹ SSA, OIG, [Workers' Compensation Lump-sum Settlements](#), 012308 (September 2023).

In our prior audits, we recommended SSA provide employees additional WC development training and develop matching agreements with the states. SSA agreed with, but has not yet implemented, our recommendations.¹² From Fiscal Years (FY) 2012 through 2021, with the exception of FY 2018, SSA included a legislative proposal in the President's budget that would improve efficiency and program integrity by requiring that all states provide SSA WC information. The WC initiative was no longer included in its legislative proposals as of 2022. SSA officials stated they would not discuss the Agency's legislative proposal.

Scope and Methodology

We obtained WC benefit payment data from Illinois and Texas¹³ that identified individuals who had approved WC claims with incident/accident dates from January 2011 to December 2019. We processed Illinois and Texas WC beneficiary information through the Enumeration Verification System and against SSA payment records and identified 19,207 beneficiaries (1) whose personally identifiable information matched that of WC beneficiaries and (2) who may have received DI or SSI payments during the same period. We randomly selected and reviewed 100 of the 19,207 beneficiaries to determine whether SSA identified and considered the WC benefit payments in the DI or SSI payment computation. See Appendix A for additional information on the scope and methodology for this review.

RESULTS OF REVIEW

SSA's controls did not always identify beneficiaries who also received Illinois or Texas WC benefits. We reviewed 100 randomly selected cases where SSA disability beneficiaries appeared to simultaneously receive SSA disability and state WC benefit payments.

- In 65 cases, SSA's controls were effective and properly identified WC.
 - In 48 cases, SSA identified WC benefit payments and determined offset, as appropriate.
 - In 17 cases, disability beneficiaries received WC benefit payments but not at the same time they received DI or SSI payments.
- In 35 cases, SSA's controls were not effective and did not identify WC benefit payments to disability beneficiaries.
 - In 8 cases, the amount of WC benefit payments was not sufficient to result in an overpayment.
 - In 27 cases, SSA did not identify the beneficiaries' WC benefit payments and offset their disability payments, as required, resulting in approximately \$148,900 in overpayments.

¹² More recently, SSA did not agree to negotiate with the states to establish data matching agreements. See SSA, OIG, [*State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund*](#), A-02-19-50867 (September 2023).

¹³ Illinois and Texas selected based on the location of the audit team members in Chicago and Dallas.

SSA did not identify WC benefit payments made to 35 disability beneficiaries because of SSA technician errors or beneficiaries' failure to disclose they were receiving Illinois or Texas WC benefit payments.¹⁴ The errors occurred during both the initial claim and post-entitlement periods.¹⁵ Based on our sample results, we estimate the errors resulted in approximately \$28.6 million in overpayments issued to 5,186 beneficiaries.¹⁶

Agency Technician Errors

In 16 cases,¹⁷ beneficiaries disclosed they received WC benefit payments during the initial claim or post-entitlement processes, but technicians did not develop, verify, or document WC benefit payments in SSA records. Examples follow:

- A beneficiary began receiving DI payments in 2016. Texas WC benefit payment data revealed the beneficiary was also receiving WC benefit payments from April 2017 through August 2018; however, these payments were not reflected in SSA records. In September 2017, while the beneficiary was receiving both DI and WC benefit payments, SSA initiated a medical continuing disability review (CDR).¹⁸ As part of the CDR, the beneficiary reported in the remarks section of Form SSA-454-BK, *CDR Report*, "I am on Workers Compensation." However, the SSA technician processing the CDR did not develop WC information to determine whether WC offset applied. We estimate SSA overpaid the beneficiary approximately \$10,470.
- A beneficiary injured on the job in March 2012 began receiving \$400 weekly Illinois WC benefits that continued for 4 years. While receiving SSI, the individual became entitled to DI benefits. During the DI application process, an SSA technician documented and then, without explanation, deleted the WC information. In 2013, SSA approved the DI benefit payments. In 2016, the individual received an additional \$72,000 lump-sum WC benefit payment. SSA did not consider the weekly or lump-sum WC benefit payments in the SSA benefit computations. As a result, we estimate SSA overpaid the beneficiary approximately \$58,750 in DI and SSI benefits. In January 2020, Illinois WC records indicated the individual received an additional \$7,975 WC lump-sum payment that was not reflected in SSA payment records and may have resulted in additional overpayments.¹⁹

¹⁴ In these cases, the beneficiaries' SSA records did not contain reference to receipt of all WC benefit payments.

¹⁵ Of the 35 error cases, 21 occurred during the initial claim process, 13 occurred during post-entitlement, and 1 had errors in both phases. This resulted in approximately \$52,600 in overpayments due to initial claim errors and approximately \$96,300 in overpayments due to post-entitlement errors.

¹⁶ Estimate includes cases indicating technician error and instances of no WC evidence in SSA records.

¹⁷ In 13 cases, technician errors occurred during the initial claim process, and, in 2 cases, the technician error occurred during a post-entitlement process. In one case, the technician error occurred during the DI initial claim and the SSI post-entitlement process.

¹⁸ SSA conducts periodic CDRs to verify a beneficiary's continuing eligibility.

¹⁹ The January 2020 WC benefit payments are outside the scope of this review and not reflected in the \$58,750 overpayment estimate.

We found no evidence in SSA records that indicated why technicians did not develop, verify, or document WC benefit payments in SSA records for offset, as required. We estimate these errors resulted in \$120,800 in overpayments.

No Workers' Compensation Evidence in Agency Records

In 19 cases, we found no evidence in SSA records to indicate beneficiaries disclosed to SSA they were receiving WC benefit payments. In 8 cases, the omissions occurred during the initial application process, and, in 11 cases, the omissions occurred during the post-entitlement process.²⁰ SSA generally develops proof of WC during the initial claim process. However, SSA does not always explicitly ask beneficiaries whether they have received, will receive, or expect to receive WC benefit payment information during the post-entitlement period.²¹ Examples follow:

- SSA awarded DI benefits to an individual who was also receiving Texas WC benefit payments. At the time of the award, SSA technicians correctly applied WC offset to the beneficiary's payment record, which reduced the DI benefit payment amount. State data show the beneficiary was later awarded WC benefit payments on two additional occasions while receiving DI benefits. However, SSA records did not indicate the beneficiary reported they received the state WC benefit payments. As a result, we estimate SSA overpaid the beneficiary approximately \$5,030 in DI benefits.
- A beneficiary receiving SSI and DI benefits was awarded a \$7,282 lump-sum Illinois WC benefit payment in June 2016. SSA completed an SSI redetermination in March 2018, sent the beneficiary a CDR mailer in May 2018, and conducted a medical CDR in 2019. SSA records did not indicate the beneficiary reported they received the WC benefit payments. As a result, we estimate SSA overpaid the beneficiary approximately \$5,950.

While we did not determine why the WC information was absent from SSA records, we recognize beneficiaries could inadvertently fail to report WC because SSA's communication to the beneficiaries of their requirement to report receipt of WC may not be clear. The current process is error prone as it expects beneficiaries to self-report with no required action by SSA. However, we also recognize beneficiaries could willfully fail to report WC benefit payment information to SSA to avoid or prevent reduction of their SSA payments. We estimate these errors resulted in approximately \$28,100 in overpayments.

²⁰ In four cases, SSA initially identified WC benefit information. However, when these beneficiaries later received additional WC benefit payments for different injuries, we found no evidence in SSA systems that the beneficiaries reported the WC benefit payments to SSA.

²¹ SSA sends beneficiaries WC reporting reminders in award and Cost-of-Living-Adjustment notices. These notices provide reporting responsibilities, but SSA relies on beneficiaries to self-report this information. SSA, *POMS*, SI 02305.001 (September 5, 2019) explains SSA periodically interviews SSI recipients during the post-entitlement period to review non-medical factors and determine whether the recipients continue to be eligible for and receive the correct amount of SSI. During these post-entitlement interviews, done by personal contact or mail, SSA technicians ask whether the SSI recipients or their spouses have received or expect to receive WC.

Factors that Contributed to Payment Errors

SSA's process for obtaining WC information exposes SSA to overpayments that can accumulate over several years until SSA realizes payments were inaccurate. We identified three areas where SSA could improve its processes for obtaining WC benefit payment information and mitigate risks of improperly paying beneficiaries: (1) data matching, (2) technician training, and (3) communication with beneficiaries.

Data Matching

In prior audits,²² we recommended SSA negotiate data-matching agreements with states to obtain WC benefit payment information to help ensure SSA correctly applies WC offset. Agency officials stated that SSA had attempted to obtain and use state data but encountered data limitations such as insufficient detailed payment information. In addition, SSA maintained that states were not legally required to provide WC benefit payment information to SSA and that states were generally unwilling to enter WC data exchange agreements with SSA. Agency officials informed us that a legislative proposal requiring states to provide WC information to SSA had not been included in the President's Budget since FY 2021.

Without matching agreements to obtain state WC benefit payment data, SSA must rely on claimants and beneficiaries to provide WC information during initial claim and post-entitlement processes. SSA has developed manual processes to assist technicians in eliciting WC information and requires that its technicians complete additional development when claimants or beneficiaries indicate they receive, or may become entitled to, WC benefits. Technicians can request beneficiaries provide WC documents or reach out to outside sources, such as states, insurance companies, self-insured employers, or courts, to identify accurate WC benefit payment information for WC offset. However, WC cases are some of the most complex and difficult to process, and this workload has been shown to be the cause of many payment errors. To illustrate the persistence of this issue, from October 2019 through September 2023, SSA assessed approximately \$462 million in overpayments against 48,940 beneficiaries because they received WC benefit payments.²³

²² SSA, OIG, [State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund](#), A-02-19-50867 (September 2023); [Accuracy of the Determination of Workers' Compensation Offset During Disability Insurance Claims Processing](#), A-02-14-34090 (September 2018); and [Title II Disability Insurance Benefits with a Workers' Compensation Offset](#), A-04-05-15133 (November 2006).

²³ Based on overpayments input in 1 segment of SSA's Recovery of Overpayment, Accounting, and Reporting index file with Type of Event "21" (entitlement to WC). SSA randomly assigns Social Security numbers. We can categorize Social Security numbers into 20 segments, each representative of all 20 segments. Therefore, we multiplied the overpayment data from 1 segment by 20 to estimate the impact for all numberholders.

Technician Training

Our sample results indicate 46 percent of the findings resulted from technician error. According to SSA training materials, WC proofs are complex, difficult to decipher documents and routinely require a high degree of interpretation. In Calendar Year 2019, SSA provided a national refresher training to all technicians in its eight processing centers. This training was the last time SSA addressed WC case-processing issues nationwide. Since 2019, SSA has issued processing reminders or conducted training classes for employees. For example, in January 2020, SSA developed WC training objectives for all entry-level, Title II field office technicians.

SSA's training material generally focuses on identifying WC during the initial claim process. SSA provides technicians less guidance on scenarios when a beneficiary receives new WC benefit payments during post-entitlement periods. In its training materials, SSA concluded it “. . . would be impossible to create refresher training on every aspect of WC.”²⁴ As such, the infrequency of SSA's training efforts and limited guidance on how to handle post-entitlement issues may be contributing factors for technician errors.

In a prior audit,²⁵ we recommended SSA provide employees additional WC training. SSA agreed but has not implemented our recommendation.

Communication with Beneficiaries

SSA does not always clearly communicate with or obtain WC information from beneficiaries during the initial claim and post-entitlement periods.²⁶ Post-entitlement processes can include forms, notices, and reviews to ensure continued disability. For example, SSA sends beneficiaries WC reporting reminders when their claims are awarded and in Cost-of-Living-Adjustment notices.

When SSA approves DI or SSI benefits, it provides beneficiaries an award notice with a pamphlet enclosed. The notice does not always²⁷ provide instructions for reporting WC and refers beneficiaries to the pamphlet for their reporting responsibilities. The pamphlet explains that SSA may reduce benefits if beneficiaries receive WC, but the information is mixed with other types of benefits in a section call “If you receive other disability benefits” in the DI pamphlet and “What we count as income” in the SSI pamphlet. Beneficiaries also receive annual reminders in a Cost-of-Living-Adjustment notice that includes WC reporting responsibilities. However, the notice does not provide the consequences of not reporting or an incentive to report WC benefits.

²⁴ SSA, *Workers' Compensation Refresher* (2019).

²⁵ SSA, OIG, [Workers' Compensation Lump-sum Settlements](#), 012308 (September 2023).

²⁶ Forms SSA-16-BK, *Application for DI Benefits*; SSA-8000-BK, *Application for SSI*; and SSA-8203-BK, *Statement for Determining Continuing Eligibility for SSI Payments*, ask claimants and beneficiaries about WC benefit payments.

²⁷ If the claimant has disclosed a pending WC claim at the time SSA awards benefits, SSA includes language in the award notice instructing beneficiaries to report receipt of the WC benefit payments to SSA.

Notices and pamphlets involve one-way communication and do not directly request information from beneficiaries. As such, SSA risks not obtaining WC information and overpaying beneficiaries. See Appendix C for details and illustrations of the notices and pamphlets.

After SSA awards disability payments, SSA does not often contact beneficiaries but does so when reviewing continued benefit eligibility, including:

- Medical CDRs (generally conducted every 3, 5, or 7 years),²⁸
- Medical CDR mailers (may be sent before a medical CDR),²⁹ and
- Work CDRs (generally conducted when a beneficiary returns to work).³⁰

SSA sends Form SSA-454-BK, *CDR Report*, for medical CDRs. SSA can send Form SSA-821-BK, *Work Activity Report – Employee*, during both initial claim and post-entitlement processes.³¹ These forms mention WC but they do not have a direct question asking for WC benefit payment information. For example, the first question in Form SSA-821-BK asks whether the individual has received employment income or wages since a specific date determined by SSA.³² If the answer is “Yes,” indicating the individual has worked, the individual is instructed to skip Question 2, which is the only question on the form that specifically addresses WC. Form SSA-454-BK mentions WC but instructs beneficiaries to provide other medical information covering the last 12 months. However, most medical CDRs are done in 3- to 7-year intervals, which go beyond the past 12-month period beneficiaries are expected to self-report WC. Another limiting factor of SSA-454-BK is it only asks about WC medical information—not WC entitlement or payment information. See Appendix D for details and illustrations of the form design deficiencies.

These forms present missed opportunities for SSA technicians to elicit WC benefit payment information as they do not directly request claimants and beneficiaries provide WC claims and payment information. Instead, the form design allows beneficiaries to omit WC information. SSA’s communication, notices, and forms used during the initial claim and post-entitlement contacts can be improved to more explicitly request WC benefit payment information from beneficiaries.

²⁸ SSA, *POMS*, DI 28001.020 (August 9, 2023).

²⁹ SSA, *POMS*, DI 13004.005.C and D (September 22, 2016) explains SSA usually sends the medical CDR mailer to beneficiaries who would have a low probability of medical improvement if it conducted a full medical CDR. Depending on the information received with the completed mailer, SSA may initiate a referral for a full CDR.

³⁰ SSA, *POMS*, DI 13010.010 (December 11, 2012) outlines other events that may require a work CDR. Such events include earnings posted by the Ticket to Work program manager and matured trial work period diaries.

³¹ SSA, *POMS*, DI 10505.035 (September 19, 2023) requires SSA complete Form SSA-821-BK for all work issue CDRs, expedited reinstatements, appeals, and initial claims involving employment.

³² SSA, *POMS*, DI 10505.035 (September 19, 2023) explains this date could be the alleged onset date, date of onset, date of entitlement, or last determination date.

CONCLUSIONS

SSA needs to improve its controls for obtaining timely and accurate WC benefit payment information. Data matching agreements with states or legislation requiring that states provide SSA with WC payment information could reduce improper payments and subsequently prevent assessment of WC-related overpayments against vulnerable disability beneficiaries who may not be able to repay.

RECOMMENDATIONS

We recommend SSA:

1. Develop the 35 sample cases where Illinois or Texas WC benefit payment data were not reflected in beneficiaries' payment records and establish overpayments, as appropriate.
2. Evaluate the feasibility of a legislative proposal requiring states to provide WC payment information to SSA.
3. Update initial claim and post-entitlement processes to more explicitly request claimants and beneficiaries report whether they have received, will receive, or expect to receive WC benefit payment information.

AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix E.



Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our audit objective, we:

- Reviewed prior audit work related to Social Security Administration's (SSA) application of workers' compensation (WC) and the related outcomes.
- Reviewed (a) applicable Federal laws, regulations, and sections of SSA's Program Operations Manual System; (b) corrective actions taken; and (c) relevant quality reviews.
- Interviewed WC subject matter experts from SSA, Texas, and Illinois to gain an understanding of WC processes as well as controls in place to identify disability claimants or beneficiaries who also received WC benefit payments.
- Subpoenaed WC benefit payment data from Illinois and Texas and identified individuals who had approved WC claims with incident/accident dates from January 2011 to December 2019.
- Processed Illinois and Texas WC beneficiary information through the Enumeration Verification System and against SSA payment records and identified 19,207 beneficiaries (1) whose personally identifiable information matched that of WC beneficiaries and (2) who may have received Disability Insurance (DI) or Supplemental Security Income (SSI) disability payments during the same time period.
- Randomly selected 100 of the 19,207 beneficiaries for review. For each case, we:
 - Determined whether SSA identified the WC benefit payments for consideration in the DI or SSI payment computation.
 - Reviewed SSA's records to determine whether WC amounts used in beneficiaries' payment computations were consistent with WC benefit payments reported by the states.¹ For error cases in our sample, we:
 - Estimated overpayments.
 - Reviewed the effectiveness of processes and controls in place to capture WC information, including SSA's data collection and storage systems (such as the Modernized Claims System and Evidence Portal), employee training, and SSA's policies and procedures.
 - Assessed why WC was not accurately reflected in SSA payment records.

¹ We did not recalculate WC offset amounts when WC benefit payment amounts reported by the states were consistent with WC benefit payment amounts that SSA incorporated into beneficiaries' benefit payment computation.

The audited entity was SSA's Office of Operations. 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 3: Control Activities
 - Principle 12: Implement control activities
- Component 4: Information and Communication
 - Principle 13: Use quality information
 - Principle 15: Communicate externally

We conducted our review between September 2021 and October 2023 in Dallas, Texas. 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 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

We reviewed a stratified random sample¹ of 100 from the 19,207 Illinois and Texas workers' compensation (WC) beneficiaries whose personally identifiable information matched that of Disability Insurance (DI) beneficiaries and/or Supplemental Security Income (SSI) recipients who received WC and DI or SSI disability payments during the same time period.

Table B–1: Population and Sample Size

Description	Number of Cases
Population	19,207
Sample Size	100

Of the 100 cases, we determined 27 resulted in approximately \$148,874 in improper payments. Based on our sample results, we estimate that the Social Security Administration (SSA) issued approximately \$28.6 million in overpayments to 5,186 beneficiaries and/or recipients.

Table B–2: Improper Payments in Sample

Description	Number of Cases with Improper Payments	Improper Payment Amounts
Sample Results	27	\$148,874
Projected Quantity/Point Estimate	5,186	\$28,594,221
Projection Lower Limit	3,805	\$8,195,037
Projection Upper Limit	6,768	\$48,993,406

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

¹ We stratified the random sample by whether or not WC appeared on SSA payment records. Of the 100 sample cases, the payment records for 60 cases reflected WC and 40 did not.

Appendix C – NOTICES AND PAMPHLETS

When the Social Security Administration (SSA) awards claimants Disability Insurance (DI) benefits, it sends the beneficiary an award notice and a pamphlet.¹ If SSA knows a workers' compensation (WC) claim is pending when DI benefits are awarded, SSA includes language in award notices alerting beneficiaries to report when they receive WC benefit payments. If SSA is unaware of a pending WC claim, the award notice will not explicitly provide WC-related reporting responsibilities. Instead, it refers beneficiaries to the pamphlet,² as follows:

Figure C–1: DI Award Notice Illustration

Your Responsibilities

The decisions we made on your claim are based on information you gave us. If this information changes, it could affect your benefits. For this reason, it is important that you report changes to us right away.

We have enclosed a pamphlet, "What You Need To Know When You Get Disability Benefits". It will tell you what must be reported and how to report. Please be sure to read the parts of the pamphlet which explain what to do if you go to work or if your health improves.

On page 9 of the 23-page pamphlet, SSA provides beneficiaries their reporting responsibilities for when they receive other disability benefits. The following illustration shows the only mention of WC in either the award notice or the enclosed pamphlet.

Figure C–2: Pamphlet, *What you Need to Know When You Get Social Security Disability Benefits*, Page 9

If you receive other disability benefits

Social Security benefits for you and your family may be reduced if you also are eligible for workers' compensation (including payments through the black lung program) or for disability benefits from certain federal, state, or local government programs. You must tell us if any of the following occur:

- You apply for another type of disability benefit.
- You receive another disability benefit or a lump-sum settlement.
- Your benefits change or stop.

¹ SSA, *What You Need to Know When You Get Social Security Disability Benefits*, Publication No. 05-10153 (April 2021).

² The yellow highlights and red boxes in the figures are added for emphasis and not part of the original documents.

When SSA awards a claimant Supplemental Security Income (SSI) payments, it sends the recipient their income reporting responsibilities in the award notice and encloses a pamphlet, *What You Need to Know When You Get SSI*.³ Shown below is an example of the reporting responsibilities that can be included in an SSI award notice.

Figure C–3: SSI Award Notice Illustration

Your Reporting Responsibilities

Your SSI payments may change if your situation changes. You are required to report any changes that may affect your SSI no later than 10 days after the month the change takes place.

Please call **1-800-772-1213** (TTY **1-800-325-0778**) or contact your local Social Security office to report any of the following changes:

- You start or stop work, or your wages increase or decrease
- Your bank account balance goes over \$2,000.00
- You move
- Anyone else moves into or out of your household
- Someone in your household dies
- You marry, separate, or divorce
- **Income** or resources change for you or members of your household
- Your medical condition improves
- You stop or start attending school regularly
- You leave the United States and expect to be gone for a full calendar month or for 30 consecutive days
- You are in a hospital, jail, or other institution for a full calendar month
- You have a felony or arrest warrant for escape from custody, flight to avoid prosecution or confinement, or flight-escape

Please read the enclosed booklet "What You Need To Know When You Get Supplemental Security Income (SSI)" carefully for additional information about this reporting requirement.

SSA provides SSI recipients a list of countable income on page 8 of the 27-page pamphlet. WC income is listed in a group of other types of income such as annuities, pensions, and unemployment insurance benefits. An illustration of this pamphlet is shown below.

³ SSA, *What You Need to Know When You Get SSI*, Publication No. 05-11011 (May 2023).

Figure C–4: Pamphlet, *What You Need to Know When You Get SSI*, Page 8

What we count as income

Under SSI, income includes cash, checks, and other things you get that can be used for food or shelter.

Examples of income include:

- Wages from your job, whether in cash or another form.
- Net earnings from your business if you're self-employed.
- The value of food or shelter that someone gives you, or the amount of money someone gives you to help pay for them.
- Department of Veterans Affairs benefits.
- Railroad retirement and railroad unemployment benefits.
- Annuities, pensions from any government or private source, **workers' compensation**, unemployment insurance benefits, black lung benefits and Social Security benefits.
- Prizes, settlements, and awards, including court-ordered awards.
- Proceeds of life insurance policies.
- Gifts and contributions.
- Support and alimony payments.
- Inheritances in cash or property.
- Rental income.
- Strike pay and other benefits from unions.

SSA sends beneficiaries annual notices to alert them of Cost-of-Living Adjustments to their benefits. The notice includes instruction to report WC benefit payments to SSA, but it does not provide an incentive for reporting WC or explain the consequences of not reporting the payments. The following figure illustrates the communication provided in the notice.

Figure C–5: Cost-of-Living-Adjustment Notice Illustration

If You Receive Workers' Compensation Or Public Disability Benefits

Please let us know right away about any changes to your workers' compensation or public disability benefit payments or lump sum awards. You must also report any new payments you receive.

Appendix D – FORM DESIGN DEFICIENCY ILLUSTRATIONS

Form SSA-821-BK

The Social Security Administration (SSA) uses Form SSA-821-BK, *Work Activity Report – Employee*, to gather information about an individual's work activity during the initial claim process and post-entitlement periods. The first question on the form asks whether the individual has received employment income or wages since a specific date determined by SSA.¹ If the answer is "Yes," indicating the individual has worked, the individual is instructed to skip Question 2,² which is the only question on the form that specifically addresses workers' compensation (WC).

Figure D–1: Form SSA-821-BK Question 2

Information - To Be Completed By Person Applying For Or Receiving Benefits			
Please answer each of the questions on this form with as many details as you can. This information will help us decide if you should get or keep getting disability benefits.			
If you need more room for your answers, go to the Remarks section at the end of the form.			
1. Have you had any employment income or wages since the DATE shown above in the Identification section? (check one)			
<input type="checkbox"/> NO. If you did not work but income was reported for you, go to Question 2.			
<input type="checkbox"/> YES. Go to Question 3.			
2. If you did not work, other types of income may have been reported for you. Please complete the information below. We may ask you for proof of this income. When you are finished, go to Question 7.			
Type of Payment	Name and Address of Payer	Amount	Date Worked (MM/YYYY-MM/YYYY)
<input checked="" type="checkbox"/> Example	ABC Company 123 Any Street Your Town, MD 54321	\$100.00 per day, week, month, or year	01/2000 - 02/2000
<input type="checkbox"/> Back Pay		\$ _____ per _____	
<input type="checkbox"/> Vacation Pay		\$ _____ per _____	
<input type="checkbox"/> Holiday Pay		\$ _____ per _____	
<input type="checkbox"/> Bonus or Commission		\$ _____ per _____	
<input type="checkbox"/> Royalties		\$ _____ per _____	
<input type="checkbox"/> Sick Pay		\$ _____ per _____	
<input type="checkbox"/> Disability Pay		\$ _____ per _____	
<input type="checkbox"/> Insurance Payment		\$ _____ per _____	
<input type="checkbox"/> Workers Comp		\$ _____ per _____	
<input type="checkbox"/> Other (Please explain)		\$ _____ per _____	

¹ SSA, POMS, DI 10505.035 (September 19, 2023) explains this date could be the alleged onset date, date of entitlement, date of onset, or last determination date.

² The yellow highlights in the figures are added for emphasis and not part of the original documents.

This form includes other questions that ask about beneficiaries' work and payments. These questions have the potential to elicit WC information, but SSA does not use them in this way. For example, Question 4 gives beneficiaries checkbox options to disclose other payments received, such as sick, disability, and vacation pay. However, WC is not listed as an option.

Figure D–2: Form SSA-821-BK Question 4

4. Do or did you get any other payment(s) or benefit(s) from an employer **in addition to the regular pay** shown in Question 3?

☐ **NO. Go to Question 5.**

☐ **YES. Please check all that apply below.**

☐ Sick Pay ☐ Disability Pay ☐ Vacation Pay ☐ Tips ☐ Bonus

☐ Transportation ☐ Car or Vehicle ☐ Childcare ☐ Meals ☐ Room or Rent

☐ Other (Please explain): _____

Type of Payment	Employer Name	Amount or Estimate of Value	Date Received (MM/YYYY-MM/YYYY)
Example: Sick Pay	ABC Company	\$100.00 per day, week, month, or year	01/2000 - 02/2000
		\$ _____ per _____	
		\$ _____ per _____	
		\$ _____ per _____	

Question 6A provides checkboxes for beneficiaries to report why they stopped working, but it does not include an option such as “I was injured on the job,” which would indicate WC.

Figure D–3: Form SSA-821-BK Question 6A

6A. For any job that you told us about in Question 3, did you make any of the changes below since the **DATE shown in the Identification section** (Check all that apply).

Yes	Special Condition	Employer Name	Date (MM/DD/YYYY)	Reasons for Changes in Work Activity
<input type="checkbox"/>	Stopped working			<input type="checkbox"/> My physical and/or mental condition(s) <input type="checkbox"/> Special conditions that allowed me to work were removed <input type="checkbox"/> Other reasons (please explain in 6B)
<input type="checkbox"/>	Reduced my work hours			<input type="checkbox"/> My physical and/or mental condition(s) <input type="checkbox"/> Special conditions that allowed me to work were removed <input type="checkbox"/> Other reasons (please explain in 6B)
<input type="checkbox"/>	Reduced my earnings			<input type="checkbox"/> My physical and/or mental condition(s) <input type="checkbox"/> Special conditions that allowed me to work were removed <input type="checkbox"/> Other reasons (please explain in 6B)
<input type="checkbox"/>	Changed to a lighter or easier type of work			<input type="checkbox"/> My physical and/or mental condition(s) <input type="checkbox"/> Special conditions that allowed me to work were removed <input type="checkbox"/> Other reasons (please explain in 6B)
<input type="checkbox"/>	No, I did not make any changes since the date shown in the Identification section. Go to Question 7.			

Form SSA-454-BK

Form SSA-454-BK, *Continuing Disability Review (CDR) Report*, is required for beneficiaries who are undergoing medical CDRs. Question 6 mentions WC but instructs beneficiaries to provide other medical information covering the last 12 months. Most medical CDRs are done in intervals of 3, 5, and 7 years. Another limiting factor of SSA-454-BK is it only asks about WC medical information—not WC entitlement or payment information. The design of Question 6 allows beneficiaries to omit information on WC benefit payments received before the 12-month reference period.

Figure D–4: Form SSA-454-BK Question 6

SECTION 6 - OTHER MEDICAL INFORMATION
Complete only if you are age 18 years or older

Please provide the contact information for anyone else or any other organization that may have medical information about your physical or mental health condition(s) that you did not list in Questions 3.D. or 5.A.

6. **Within the last 12 months**, does anyone else (other than your medical providers) have your medical information or are you scheduled to see anyone else? Examples include places like social services agencies, case workers, welfare agencies, attorneys, prisons, **workers' compensation**, insurance companies who have paid you disability benefits.

☐ NO (**Go to Section 7**)

☐ YES (**Complete the following section below.**)

Appendix E – AGENCY COMMENTS




SOCIAL SECURITY

MEMORANDUM

Date: April 15, 2024 **Refer To:** TQA-1

To: Gail S. Ennis
Inspector General¹

From: Dustin Brown 
Acting Chief of

Subject: Office of the Inspector General Draft Report “Disability Payments to Beneficiaries or Recipients Receiving Illinois or Texas Workers’ Compensation Benefits” (A-06-20-50922) – INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations. As the report notes, we have proposed legislation that would require States to share workers’ compensation data and included it in the President’s Budget for several years.

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



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.