



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 29, 2022

Refer To: A-02-22-51180

To: Kilolo Kijakazi
Acting Commissioner

From: Gail S. Ennis, 
Inspector General

Subject: Analysis of State Workers' Compensation Data

My office is conducting an audit to determine the financial impact of workers' compensation (WC) and Public Disability Benefits (PDB) reverse offset plans on the Social Security Administration's (SSA) Disability Insurance (DI) program.¹ In support of the audit, we subpoenaed state WC/PDB claims and payment data and compared it with WC/PDB claims and payment data in SSA systems. SSA uses WC/PDB data in its systems to determine DI payment amounts, including possible WC offsets, for disabled workers who concurrently receive DI benefits and state WC/PDB payments. We found significant discrepancies between state WC/PDB data and SSA records, calling into question the data SSA uses to make DI benefit payment and WC offset determinations. Given the importance of DI payment accuracy, we are sharing our preliminary findings at this time to make you aware of the data discrepancies we identified that could impact it.

BACKGROUND

When disabled workers concurrently receive DI benefits and WC/PDB payments, SSA is generally required to reduce, or offset, their DI benefits.² However, 16 states and Puerto Rico have reverse offset plans that allow the states to reduce certain WC/PDB payments rather than SSA reducing DI benefits.³ For DI beneficiaries in these states, SSA must determine whether reverse offset applies to their WC/PDB payments and, if it does not, whether it should offset the beneficiaries' DI benefits.

¹ We expect to finalize our report on the impact of WC/PDB reverse offset plans in Fiscal Year 2023.

² Social Security Act § 224; 42 U.S.C. § 424a; 20 C.F.R. § 404.408; SSA, POMS, DI 52101.001 (September 18, 2018).

³ In August 1981, Congress passed legislation which inserted Section 224 [42 U.S.C. § 424a] into the Social Security Act. As currently written, this Section allows for some State Reverse Offset Plans or laws but not others. By statute, SSA accepts only those State Reverse Offset Plans or laws in effect on February 18, 1981 from: Alaska, California, Colorado, Florida, Hawaii, Illinois, Louisiana, Minnesota, Montana, New Jersey, New York, North Dakota, Ohio, Oregon, Puerto Rico, Washington, and Wisconsin.

SSA recognizes that WC/PDB offset determinations are problematic, estimating that WC/PDB offset errors resulted in over \$1.1 billion in improper payments in Fiscal Years 2017 through 2021.⁴ SSA concluded most of the improper payments were caused by SSA not being aware of beneficiaries' receipt of WC payments, failure to obtain complete WC/PDB evidence, and incorrectly applying WC/PDB offset or reverse offset.

PRELIMINARY AUDIT RESULTS

For our ongoing audit, we subpoenaed from states with reverse offset plans their Calendar Year (CY) 2019 WC information. To date, we have reviewed data from California, Florida, Oregon, and Washington. We found that SSA's records did not accurately include state WC data for 9,487 of 16,346 DI beneficiaries (58 percent) who received WC payments from the 4 states.⁵ Because of data discrepancies, SSA:

- Did not identify DI beneficiaries with CY 2019 WC payments;
- incorrectly determined whether payments were paid under reverse offset plans; and
- incorrectly determined reverse offset periods.

As a result, SSA did not consider WC/PDB offset or reverse offset when it should have.

While the states provided us with sufficient information to identify errors in SSA's benefit records, they did not provide sufficient information in all cases to accurately calculate WC/PDB or reverse offsets. For example, the data did not include medical, attorney, and other related expenses that may be excluded from the WC/PDB payments used to calculate the offset. However, based on SSA's own estimates of WC/PDB payments errors caused in part by SSA not being aware of or obtaining complete WC/PDB evidence and the high percentage of cases in which we found inaccurate data, we expect a significant number of these individuals to be improperly paid millions of dollars.

My staff have shared the case level results with Agency personnel so they can review and take corrective action as needed.

OBTAINING STATE DATA

SSA has the authority to collect WC information as necessary to administer its programs; however, it has not negotiated data matching agreements with states to acquire all their WC/PDB data.⁶ SSA has *SSA Access to State Records Online* agreements with three states with reverse offset plans (Florida, Louisiana, and Ohio), which allow SSA staff to obtain WC data for individual cases. However, per policy, SSA employees should only request information

⁴ SSA, Office of Analytics, Review, and Oversight, Office of Quality Review, *Title II Payment Accuracy Report Fiscal Year 2021* (August 2022).

⁵ The 16,346 individuals do not represent the entire populations of DI beneficiaries with WC/PDB payments from these states based on limitations in the state data provided. For example, California did not provide us with Social Security numbers, which impaired our ability to match the data to SSA's records and identify corresponding DI beneficiaries. Also, Oregon only provided records of individuals receiving a specific type of WC payments.

⁶ As part of our ongoing audit work, we surveyed state staff and some responded that they would like to have data matches with SSA to help increase their WC programs' payment accuracy.

from these states when they are unable to obtain it directly from DI beneficiaries.⁷ This restriction, and the limited reach of case-by-case requests, impair the agreements' usefulness. For example, while staff has online access to case-level data in Florida through one of these agreements, we found as part of our ongoing audit WC payments in the data Florida provided us that were not included in SSA's benefit records.

CONCLUSION

SSA requires DI applicants and beneficiaries to self-report their WC/PDB claims and payments. In a September 2022 audit report, we noted that beneficiaries do not always comply with their reporting requirements and that SSA can improve the administration of its programs by obtaining information from other sources.⁸ The preliminary results from our ongoing audit work demonstrate that SSA could improve the accuracy of DI benefit payments if it relied less on applicants' and beneficiaries' self-reporting and directly obtained WC/PDB information from states. As we recognize it will take time for SSA to engage with states to discuss data matching agreements, we are sharing our preliminary results with you now to better inform any actions SSA may take to obtain state WC/PDB data.

⁷ SSA, *POMS*, DI 52145.001, F (December 20, 2017).

⁸ SSA, OIG, *The Social Security Administration's Challenges in Obtaining Data to Determine Eligibility and Payment Amounts*, A-01-21-51029, (September 2022).