

August 15, 2011

The Honorable Sam Johnson
Chairman
Subcommittee on Social Security
Committee on Ways and Means
U.S. House of Representatives

The Honorable Charles Boustany, Jr.
Chairman
Subcommittee on Oversight
Committee on Ways and Means
U.S. House of Representatives

Subject: GAO response to questions for the record from the joint hearing before the Subcommittees on Oversight and Social Security on June 14, 2011 concerning the Social Security Administration's (SSA) payment accuracy in the Disability Insurance (DI) program.

To complete the record for the hearing on June 14, 2011 you asked us to provide responses to 3 questions. Those questions and our response to each follows:

1. Overpayment numbers are under reported. Please provide your estimate of overpayments, both in terms of dollar amount and as a percentage.

Medical and work-related overpayments in the DI program detected by SSA grew from about \$860 million in fiscal year 2001 to about \$1.4 billion in fiscal year 2010. However, the true extent of overpayments is currently unknown, in part because SSA's overpayment figures do not include an estimate of the amount of overpayments that remain undetected in any given year. In a prior report, the Office of Inspector General found that overpayments could be as much as \$3.1 billion, and that of this amount \$1.3 billion (42 percent) went undetected, though the OIG's calculation was limited to work-related overpayments.

2. To become current and stay current on both Supplemental Security Income and all Continuing Disability Review (CDR) work will require more funding for SSA. However, given the long-term federal budget situation and the need to keep federal personnel costs in check, what staffing strategies should the SSA pursue to ensure integrity work is completed without significant hiring increases?

Currently, SSA does not make maximum use of automated data sources to make the most efficient use of limited staff resources. In particular, SSA's continued reliance on outdated earnings information to identify beneficiaries who may no longer be eligible for benefits means that overpayments, including some large overpayments, are probably inevitable. SSA's dependence on such data also means that staff responsible for performing work CDRs are often dealing with cases that are already aged when they receive them, and thus more difficult and time-consuming to develop. As a result, SSA is often in a "pay and chase" mode that further stretches limited staff and budgetary resources. To make better use of existing staff resources,

our recent report¹ recommended that SSA explore options for obtaining more timely earnings information for DI program beneficiaries who may be working, and thus are more likely to incur overpayments. This would include developing data sharing agreements to access pertinent earnings-related databases, such as the Office of Child Support Enforcement's National Directory of New Hires (NDNH). In addition, we have noted in prior work that SSA needs to take a strategic approach to program integrity. This includes sustained management attention to work CDRs and reengineering existing processes for performing this workload. In this respect, we believe that SSA can improve the integrity of its disability programs within current staffing configurations.

3. What are your recommendations to reduce overpayments?

In addition to our recommendation for SSA to use the NDNH for more timely earnings information, we have also made recommendations to SSA for improving its collection of detected overpayments, as well as enhancing agency focus on program integrity. These include:

--develop and adopt agencywide performance goals, for the recovery of DI overpayment debt, such as the percent of outstanding debt collected annually.

--require supervisory review and approval of repayment plans which exceed SSA's target of 36 months.

-- correct the ROAR 2049 system limitation so that debt scheduled for collection after 2049 is included in the system and available for SSA management, analysis, and reporting.

--develop and adopt additional formal agencywide performance goals for work CDRs to measure the time that cases are pending development, and the number of days taken to process a work CDR.

Please feel free to contact me if you have any further questions. We look forward to working with your subcommittees on this important matter.



Daniel Bertoni
Director, Education, Workforce,
and Income Security Issues

¹GAO, *Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*, [GAO-11-724](#) (Washington, D.C.: July 27, 2011).