

Pre-Payment Reviews

Social Security processed about 3 million initial applications for disability benefits in 2013. The majority were denied after examiners determined that the application did not provide enough evidence showing that the individual met Social Security's strict eligibility requirements. In some cases, denied applicants appealed the decision. After all appeals are exhausted, about 4 out of 10 applicants qualified for Social Security.

Social Security conducts special pre-payment reviews ("pre-effectuation reviews") of a subset of initial decisions before awarding disability benefits. In cases where benefits are awarded by an Administrative Law Judge (ALJ), Social Security reviews a statistically valid sample of cases before benefits are paid. (Under the Administrative Procedure Act, judicial independence is protected.) The goal for both types of reviews is to ensure the evidence supports the decision, and that program rules were correctly applied.

The reviews allow SSA to find and correct errors or potential fraud before Social Security pays out a single penny. Although the vast majority of the decisions are found to be accurate, correcting the errors generates significant savings for taxpayers and also helps Social Security prevent similar errors in the future.

Initial Decision Review Facts (2011)

Total cost of reviews: \$48 million

Cases reviewed: 511,662

Cases corrected: 12,813 (2.5%)

Estimated lifetime savings to Social Security:
\$439 million

Estimated lifetime savings to other federal
programs: \$312 million

Average Return on Investment: 16 to 1

Appeals Review Facts (2011)

Number of staff reviewers:
72

Cases reviewed: 3,692

Cases remanded to ALJ for
additional evaluation: 550

Cases corrected: 62 (1.5%)