

Work-Related Overpayments to Social Security Disability Insurance (SSDI) Beneficiaries: Prevalence and Descriptive Statistics

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Employment: A Boon...

- **Employment may have benefits for SSDI beneficiaries and the SSDI trust fund**
- **Many SSDI beneficiaries have work-related goals and expectations**
- **Some beneficiaries work at substantial levels**

...That May Turn into a Bust

- **Eligibility for SSDI benefits is contingent on inability to engage in substantial gainful activity (SGA)**
- **After about 12 months, benefits are suspended for engagement in SGA**
 - **Nine-month trial work period**
 - **Three-month grace period**
- **If SSA does not adjust benefits in a timely way, the beneficiary will be overpaid and must repay the debt to SSA**

Overpayments May Arise from Beneficiary or SSA Delays

- **Beneficiaries are required to report earnings to SSA, but may not report earnings timely**
- **SSA may be delayed in processing the earnings information**

Overpayments Are a Source of Inefficiency for SSA

- **SSA averaged over \$800 million in work-related overpayments per year in 2010–2015**
 - The overpayment rate is less than 1% of all SSDI benefit payments
- **There is an administrative cost to overpayment recovery**
- **Not all overpayments are recovered**

Overpayments May Undermine SSDI Beneficiaries' Work Goals

- **Anecdotal evidence from O'Day et al. (2016) and Hoffman et al. (2017) suggests negative reactions:**
 - **Fear, anger, and frustration**
 - **Beneficiaries working less to reduce earnings**

Other Beneficiaries May Have Neutral or Positive Reactions to Overpayments

- **Qualitative reports of beneficiaries increasing earnings**
- **Beneficiaries could view overpayments as interest-free loans**

SSA Does Not Publish Beneficiary-Level Statistics on Overpayments

- **SSA monitors overpayments for accounting purposes via the Recovery of Overpayments, Accounting and Reporting (ROAR) database**
- **Researchers have analyzed wage data (without SSDI program data) or conducted case reviews**
 - **SSA Office of Inspector General (2014)**
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Our Approach

- **Use a representative 10% sample of SSDI beneficiaries to estimate the prevalence, size, and duration of overpayments**
- **Produce estimates using an algorithm that draws on SSA administrative data**
 - **Disabled Beneficiary and Dependents (DBAD)**
 - **Identify months in which benefits were paid but recent SSA data indicate benefits were not due**
 - **SSA vetted the algorithm results by comparing them to 30 case reviews**

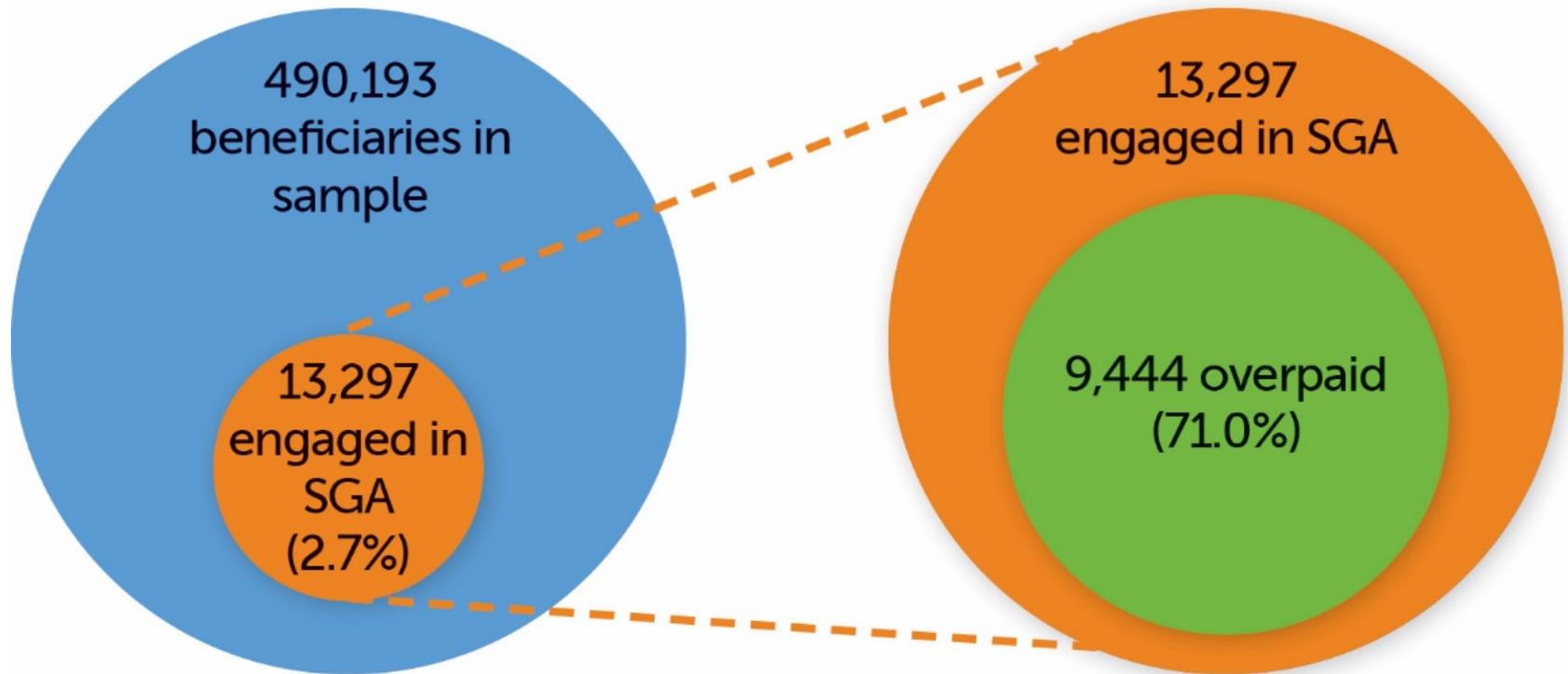
Analysis Sample

- **Primary SSDI beneficiary**
- **In current pay status or with temporary benefit suspension in January 2010**
- **Under age 59 and not participating in a benefit offset demonstration**
- **Final analytic sample: 490,193 beneficiaries**

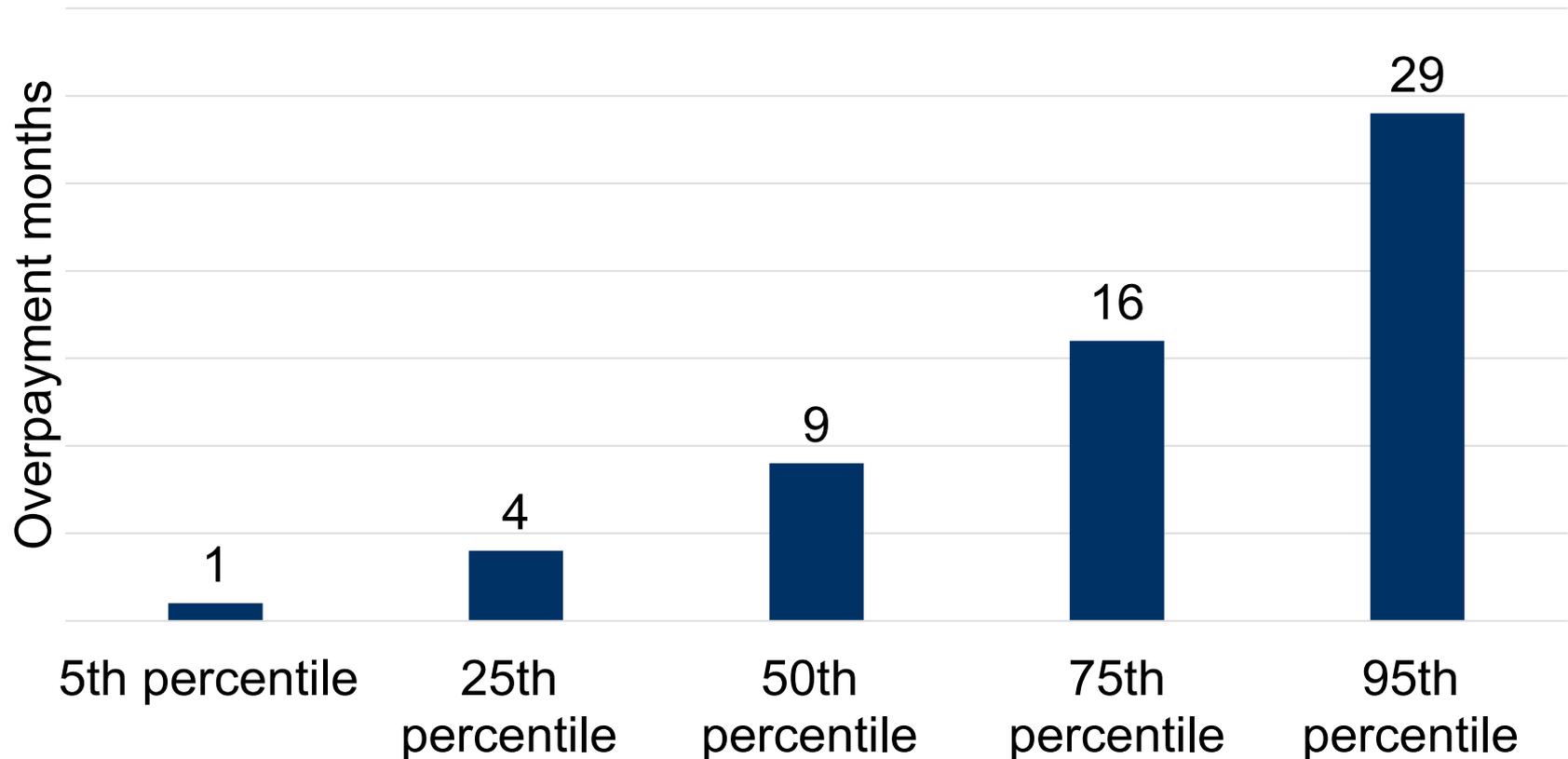
Identifying SSDI Work-Related Overpayments

- **Overpayments for SGA after the trial work period and grace period**
- **Accrued between 2010 and 2012**
 - **Adjust estimates of the duration and amount of overpayment for left truncation and right censoring**

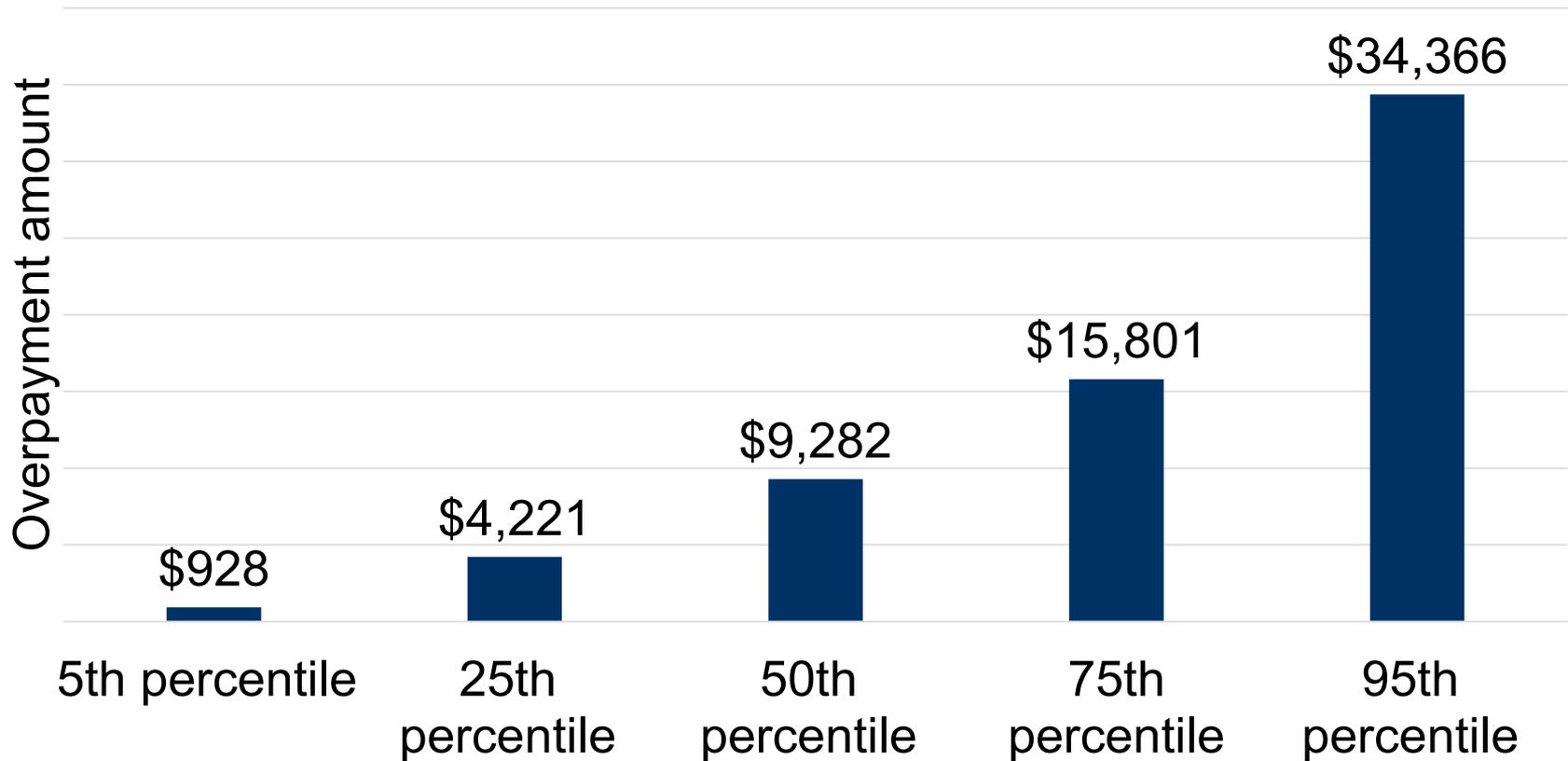
Overpayments Are Prevalent Among SSDI Beneficiaries Engaging in SGA



The Median Overpayment Accrued Over Nine Months



The Median Overpayment Was for More Than \$9,000



Overpayments Do Not Occur Uniformly Across Working Beneficiaries

- **The following characteristics were significant predictors of overpayment among beneficiaries who engage in SGA:**
 - **Black, Hispanic**
 - **Less than a high school education**
 - **SSDI benefit amount of less than \$1,000**
 - **First engaged in SGA after 2010**
 - **SSDI-only (not concurrently entitled to SSI)**

SSA is Addressing Some Sources of Work-Related Overpayments

- **Predictive model to prioritize reviews for cases most likely to have large overpayments**
- **Work Smart: quarterly earnings checks**
- **Future plans:**
 - **2017: Create an electronic earnings reporting system**
 - **2018: Establish exchanges with payroll data providers to get faster access to wage data**

Discussion

- **Overpayments are standard for the majority of beneficiaries who engage in SGA, and for many, the overpayments are sizable**
- **Preventing overpayments is important for beneficiary well-being and program integrity**
- **Program administration matters in understanding proposed changes to benefit design, such as those tested in current SSA demonstrations**

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