GAO

Highlights

Highlights of GAO-15-531, a report to congressional requesters

July 2015

DISABILITY INSURANCE

Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation

Why GAO Did This Study

Both SSA's DI program and DOL's FECA program provide an important safety net for workers by providing billions of dollars in benefits annually to workers with disabilities. Federal law requires SSA to reduce DI benefits for some individuals receiving workers' compensation payments, including FECA payments, and SSA risks overpaying benefits if it does not do so.

GAO was asked to study potential DI overpayments due to the concurrent receipt of FECA benefits. GAO examined the extent to which: (1) SSA has detected individuals receiving concurrent FECA benefits that may result in potential DI overpayments, (2) internal controls that SSA relies on help prevent these potential overpayments, and (3) SSA is identifying and recovering these potential overpayments. GAO compared DI beneficiary data to FECA beneficiary data. GAO reviewed agency documentation and interviewed officials to identify relevant internal controls. GAO also reviewed case files for a nongeneralizable sample of 20 individuals, selected based on their risk of DI overpayments. GAO also reviewed information on DI overpayments and recovery efforts.

What GAO Recommends

GAO recommends that SSA review the potential overpayments GAO identified and compare the costs and benefits of alternatives for reducing the potential for overpayments to individuals receiving concurrent FECA payments to determine how best to strengthen internal controls. SSA agreed with GAO's recommendations.

View GAO-15-531. For more information, contact Seto Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov.

What GAO Found

GAO found that the Social Security Administration (SSA) detected concurrent Disability Insurance (DI) and Federal Employees' Compensation Act (FECA) payments received by some, but not all individuals who received these concurrent payments during at least 1 calendar month from July 1, 2011 through June 30, 2014, which was the most-current data available at the time GAO began its work. Specifically:

- SSA successfully detected FECA payments for approximately 4,090 individuals (about 52 percent) of the approximately 7,860 individuals who received concurrent FECA and DI payments during that period.
- SSA did not detect concurrent FECA payments for approximately 1,040 individuals (about 13 percent). These 1,040 individuals received a total of $48 million in DI benefits during this period, but the data GAO received did not contain detailed information necessary to determine the exact amount of any DI overpayments.
- Due to limitations in the SSA data GAO received, GAO was unable to determine whether SSA detected concurrent FECA benefits for about 2,730 individuals (about 35 percent) who received concurrent FECA benefits.

SSA's internal controls for helping to prevent DI overpayments due to the concurrent receipt of FECA benefits rely on beneficiaries to self-report any workers' compensation benefits, including FECA benefits. However, GAO's nongeneralizable case studies showed that SSA's internal controls did not detect and prevent potential DI overpayments to any of the 20 beneficiaries GAO selected for additional review. For 7 of the 20 individuals GAO reviewed, SSA did not detect and prevent potential overpayments for more than a decade, resulting in potential overpayments totaling more than $100,000 for each of these 7 individuals. GAO plans to refer these 20 cases to SSA for further review. Thus, GAO describes these as potential overpayments because SSA has not yet established overpayments for these individuals.

SSA officials reported that the agency made an estimated $371.5 million in DI overpayments stemming from FECA benefits from fiscal year 2009 through fiscal year 2013, but GAO was unable to determine how much of these funds SSA has recovered. SSA officials told GAO that they have spent more than a decade exploring the best way to match the Department of Labor's (DOL) FECA data with SSA data to prevent DI overpayments, but SSA is not currently performing a routine match of these data. SSA previously stated that it would not be cost-effective to perform a routine match of FECA data with SSA data to help prevent DI overpayments, but SSA did not consider specific cost and benefit information in making this determination. The Office of Management and Budget has issued guidance stating that a program may be justified if its benefits outweigh its costs. In this context, making such a determination would involve comparing the costs and benefits of alternatives to SSA's current approach for reducing these overpayments, which relies on beneficiaries to self-report any FECA benefits they receive. These alternatives may include, among others, obtaining available FECA data to prevent overpayments. Comparing alternatives for reducing these overpayments would help SSA to determine which option presents the best opportunity to detect and prevent DI overpayments related to FECA benefits.