

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

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# Employment: A Boon...

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- **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

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- **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

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- **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

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- **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

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- **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

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- **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

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- **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

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- **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**

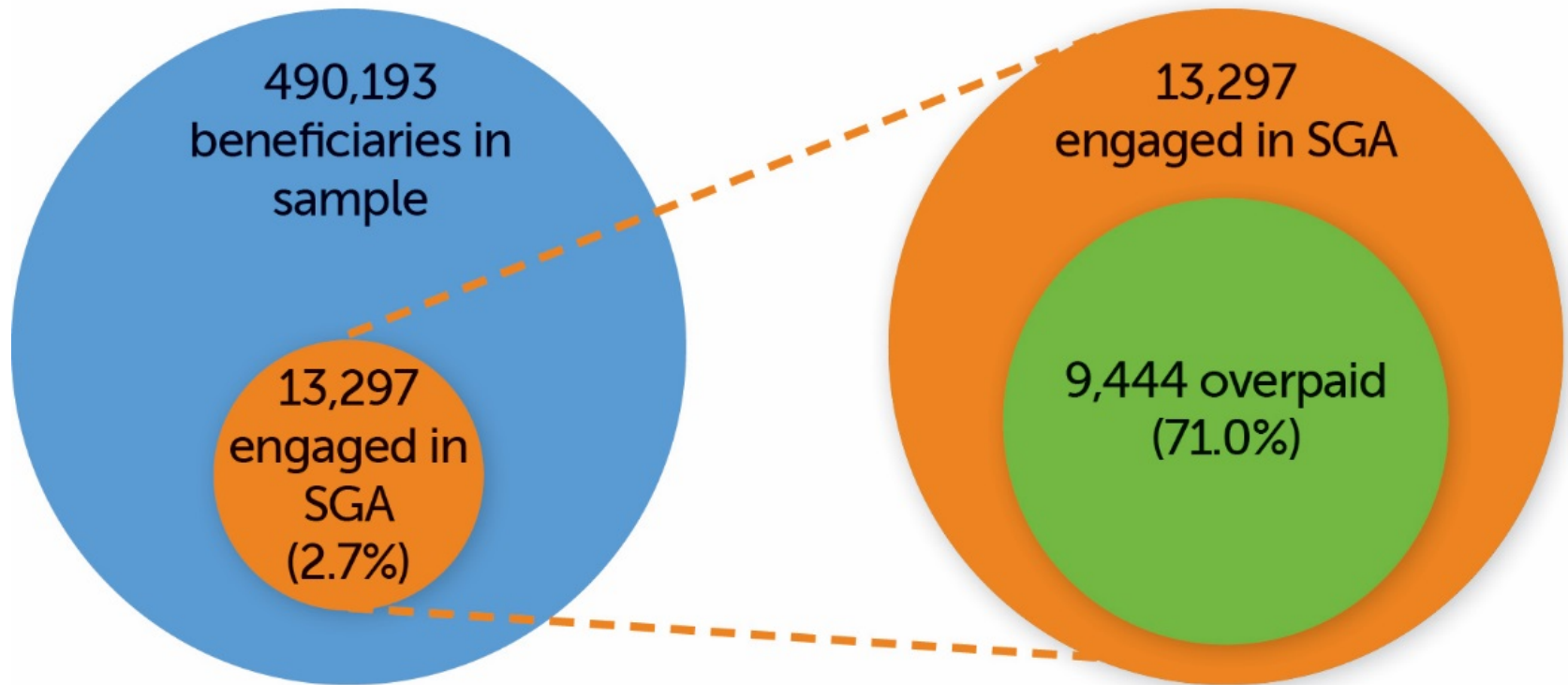
# Identifying SSDI Work-Related Overpayments

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- **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**

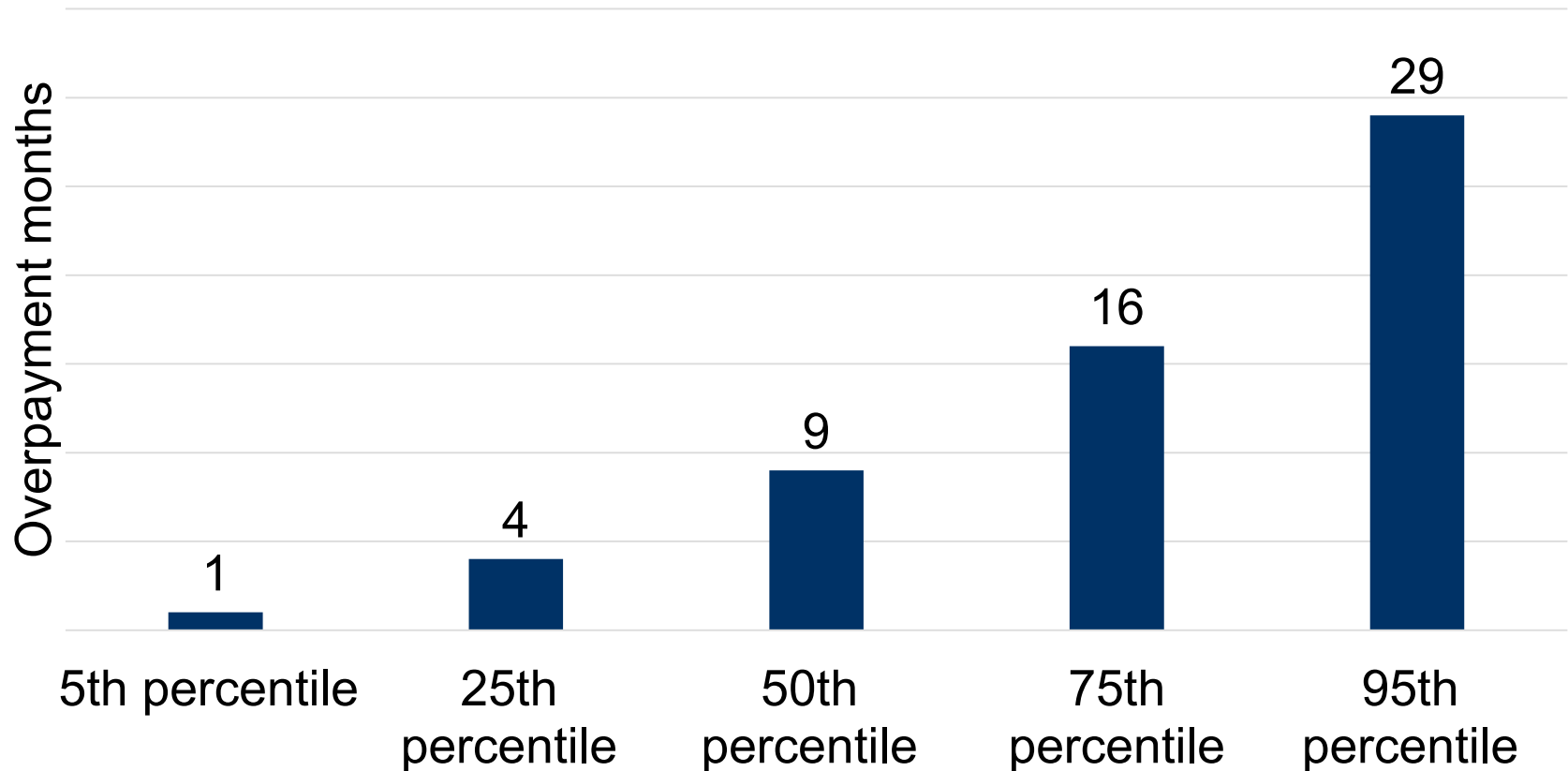
# Overpayments Are Prevalent Among SSDI Beneficiaries Engaging in SGA

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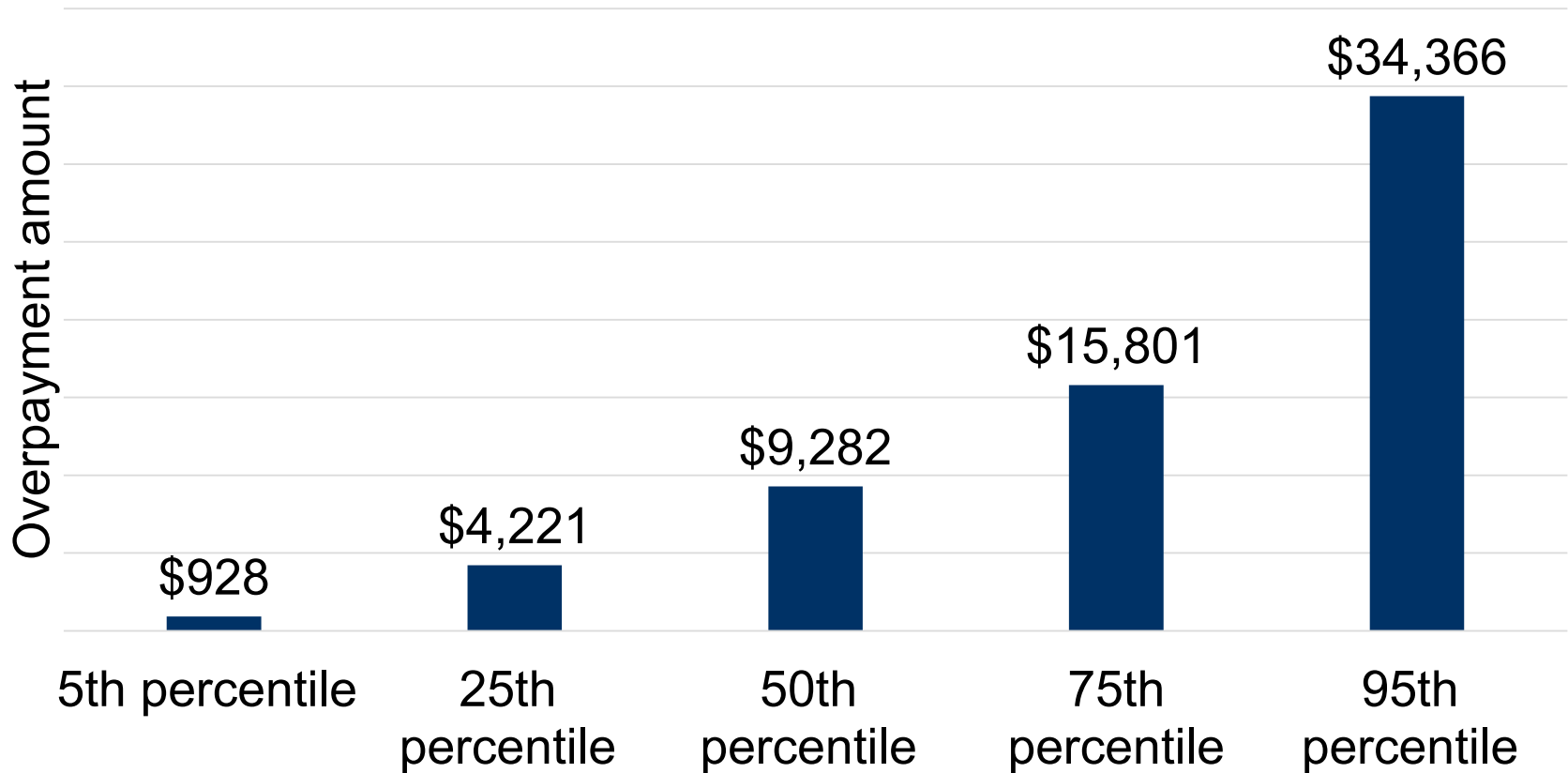
# The Median Overpayment Accrued Over Nine Months

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

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# Overpayments Do Not Occur Uniformly Across Working Beneficiaries

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- **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

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- **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

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- **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**

# Contact Information

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