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**Opening Statement of Senator Carl Levin (D-Mich.)  
Permanent Subcommittee on Investigations  
Hearing On Social Security Disability Overpayments**

The Social Security Administration manages two programs that together provide a critical safety net for millions of Americans with disabilities. The first is the Social Security Disability Insurance (DI) program which provides benefits to disabled individuals who can no longer work. The second is the Supplemental Security Income (SSI) program, a portion of which provides support to disabled persons and their families based upon financial need. In 2009, these two programs provided disabled Americans with financial benefits totaling nearly \$160 billion.

\$160 billion is a big number even by Washington standards, and the purpose of today's hearing, which was initiated at the request of Senator Coburn, is to strengthen stewardship of our disability programs to ensure that the benefits are going to those who really need and are entitled to them, and that precious dollars are not spent unwisely, erroneously, or wrongfully in these important programs.

The Social Security Administration has long acknowledged that its disability programs are not infallible. Sometimes the programs overpay the benefits owed; sometimes they underpay. Overall, SSA has overpaid, and the total amount of uncollected overpayments has grown from about \$7.6 billion by the end of 2004, to \$10.7 billion by the end of 2008. While the overpayment rate in the Disability Insurance program has been quite low, totaling about 1% in FY2008, the overpayment rate in the Supplemental Security Income program has been far higher – 10 percent. In FY2009, the SSI program reduced its overpayment rate to 8%, a reduction from the prior year, but that's still too high.

To help bring down that overpayment rate, today's hearing focuses on a Government Accountability Office report evaluating disability payments made to persons who work. While most disability recipients are unable to work, the government allows disabled individuals to undertake a 9-month trial work period, without losing their benefits, to see if they can manage a job. When a disability recipient takes a job, they are required to notify SSA about their employment status and whether they are earning in excess of program limits.

The GAO report focuses on the extent to which disability recipients may be abusing that work program. To do so, GAO conducted two data matches. First, GAO matched a database of social security disability recipients against federal payroll databases covering about 4.5 million persons who worked for government agencies for varying periods of time from October 2006 to December 2008. Of those 4.5 million federal employees, GAO identified about 24,500 who received disability payments while also earning federal paychecks. Since disabled persons are encouraged to work, and most of those 24,500 workers were paid less than the disability program limit of about \$1,000 per month, many may have been in compliance with the program rules. However, 1,500 of those federal employees were paid more than the program limit of about \$1,000 per month, which means that they may have been improperly receiving disability payments. While 1500 out of 4.5 million represents a very small percentage – only 0.03% of the total -- those 1500 employees received disability benefits totaling \$1.7 million per month.

The second match GAO performed compared the disability rolls to a database of 600,000 persons holding a commercial drivers license (CDL), as well as another database, and identified 62,000 individuals who received their commercial drivers license after their disability start date. That data match, like the federal employee match, raises questions about whether those workers may be improperly receiving disability payments worth millions of dollars.

GAO used the data matches to select 20 individuals for additional analysis, 18 of whom were federal employees and 2 of whom held commercial drivers licenses. GAO concluded that all 20 were improperly receiving disability payments, finding that in 5 cases, fraud was involved on the part of the individual, 11 involved potential fraud, and 4 did not involve fraud, but administrative errors on the part of SSA. Those 20 cases were not randomly selected; GAO picked them because they had facts suggesting fraud. These 20 cases illustrate some of the abuses that are occurring and that need to be stopped

The fraud cases involved individuals who received disability payments, were later able to land a job, and then failed to tell SSA about their employment. The administrative error cases involved workers who told SSA to stop their disability payments or SSA determined that the payments should stop, but the payments kept arriving anyway. In one case, GAO reported that an individual told the agency to stop making payments when he first landed a job and again two years later, but kept receiving funds. GAO wrote: “[A]fter 2 years of full-time work, [the individual] again contacted SSA and implored the agency to stop paying him because he knew something was not right and that he would have to return the money.” That person must now repay the \$12,000 erroneously sent to him.

More can be done to stop improper disability payments to workers. As a first step, SSA should investigate the 1500 federal employees and 62,000 commercial drivers license holders identified by GAO. Resolving those cases alone could save millions of dollars in overpayments.

Second, SSA needs to set up additional data matches to identify improper payments going to workers. Right now, SSA undertakes a data match three times a year comparing its disability rolls to wage data compiled by the IRS from W2 forms submitted with the prior year’s tax

returns. While useful, that approach provides SSA with wage data that is 12 -18 months out of date. SSA could supplement this approach by performing regular data matches with more timely federal payroll data, which is compiled every 2-4 weeks. SSA should also investigate other wage databases that could be used to root out overpayments to employed individuals, especially in the SSI program.

Third, SSA needs to strengthen its internal controls to halt payments that a disability recipient says should stop.

Congress also has a role in stopping the overpayments. SSA currently uses two mechanisms to police disability payments, Continuing Disability Reviews (CDRs) in the Disability Insurance program and Supplemental Security Income (SSI) redeterminations. Both evaluate whether payments should be discontinued because a person is no longer disabled. Studies show that CDRs save \$10 for each dollar spent, while SSI redeterminations save \$8 for each dollar spent.

Despite these cost savings, until recently, there has been limited funding for these reviews. According to SSA data, ten years ago, in 2000, it spent about \$600 million on CDRs. By 2007, the funding had dropped to less than half to about \$300 million. By 2009, funding was back up to \$400 million, still that's still a third less than ten years ago. Similarly, funding for SSI redeterminations dropped to less than half from 2000 to 2007, and has only slowly regained ground since then.

The current Administration has proposed increasing funding for CDRs and redeterminations in FY2011, which I hope Congress will support. We need to invest in oversight and enforcement to stop the abuses. There's little point in criticizing SSA for failing to reduce billions of dollars in overpayments if we deny them the oversight and enforcement funds needed to do just that.

Finally, I would be remiss not to mention one other longstanding disability issue that has plagued my home state of Michigan as well as the rest of the country – the huge backlog in processing applicants who were denied benefits. Some individuals now wait as long as 3 years for a complete review of their disability applications, undergoing enormous financial pressures in the meantime. While this backlog is down from its height, hundreds of thousands of people are still caught up in the system, most waiting for appeals hearings. SSA has a plan to eliminate this backlog by 2013, but it requires Congress to approve the Administration's funding request for that purpose as well.

Federal disability payments provide an essential safety net to millions of disabled Americans. Application backlogs deny critically needed benefits, while improper payments reduce the funds available to those who truly need them. SSA needs to strengthen its internal controls to address both problems. I commend Sen. Coburn for his leadership on this issue and turn to him now for his opening remarks.

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