

Social Security Administration
Bipartisan Budget Act of 2015 Section 845(b) Report
Calendar Year 2016

Overview

We perform work continuing disability reviews (CDR) to determine if Old-Age, Survivors, and Disability Insurance (OASDI) disabled beneficiaries are engaging in substantial gainful activity (SGA) after the trial work period (TWP). The TWP is a period during which disabled beneficiaries can test their ability to work and still be considered disabled. Work at the SGA level after the TWP indicates that the beneficiaries are no longer eligible for OASDI disability benefits. Reports of work and earnings trigger work CDRs.

Statutory Requirements

Section 845(b) of the Bipartisan Budget Act (BBA) of 2015 requires an annual report to Congress on work CDRs. The report shall include:

- 1) The number of individuals receiving benefits based on disability under title II of the Social Security Act for whom reports of earnings were received from any source by the Commissioner in the previous calendar year, reported as a total number and separately by the source of the report.
- 2) The number of individuals for whom such reports resulted in a determination to conduct a work-related CDR, and the basis on which such determinations were made.
- 3) In the case of a beneficiary selected for a work-related CDR on the basis of a report of earnings from any source—
 - (A) the average number of days: between the receipt of the report and the initiation of the review; between the initiation and the completion of the review; and the average amount of overpayment, if any;
 - (B) the number of such reviews completed during such calendar year, and the number of such reviews that resulted in a suspension or termination of benefits;
 - (C) the number of such reviews initiated in the current year that had not been completed as of the end of such calendar year; and
 - (D) the number of such reviews initiated in a prior year that had not been completed as of the end of such calendar year.
- 4) Total savings to the Trust Funds and the Treasury generated from benefits suspended or terminated as a result of such reviews.
- 5) The number of individuals for whom a work-related CDR was completed during the calendar year who participated in the Ticket to Work program, any program work incentives, or who received vocational rehabilitation services.

Work CDR Process

We define disability as the inability to perform SGA due to a medically determinable physical or mental impairment(s) that has lasted or is expected to last at least one year or result in death.

OASDI disabled beneficiaries are required to report new or changed work activity to the Social Security Administration (SSA). When a beneficiary self-reports work activity to us, we refer to it as direct reporting. Beneficiaries who direct report their earnings generally have their CDR conducted by a technician in the nearest Field Office to the beneficiary. We also detect work activity using computer searches of external reports of earnings. After allowable exclusions are applied, we alert the Processing Centers of the need to conduct a work CDR. We refer to a CDR triggered by an external report of earnings as an enforcement CDR.

In 2016, earnings averaging over \$1,130 per month for non-blind individuals, and \$1,820 for blind individuals, generally demonstrate the ability to perform SGA.

When we learn of work activity, we analyze the case to determine if the work activity merits a work CDR. Many work reports of earnings may not require a work CDR because the work occurs during the TWP.

Table 1 shows the source of our information about earnings. In 2016, the only external source of earnings information was the Internal Revenue Service (IRS).¹

All OASDI Disabled Beneficiaries with Reported Earnings

Table 1
Number of reports of earnings received by source of report, 2016 (in thousands)

Year	Direct reporting	Enforcement
2016	267	1,916

SOURCES: Social Security Administration, Master Earnings File and Electronic Work file, 100 percent data.

Note: We do not include a total because some cases appear in both categories.

Table 2 reports work CDRs started in the year, regardless of the result of the review. Many work CDRs, which began as a result of externally reported earnings, ended when a technician reviewed the available data, applied program instructions, and ceased the review prior to completion.

¹ SSA uses IRS data for its Master Earnings File, cited as the data source in Table 1.

All OASDI Disabled Beneficiaries with a Started Work CDR

Table 2
Number of work reviews started by year and source of earnings, 2016 (in thousands)

Year	Total	Direct reporting	Enforcement
		Total	Total
2016	603	381	221

SOURCE: Social Security Administration, Disability Control File, 100 percent data.

Table 3 presents information on the number of work CDRs completed in 2016, the time taken to process these work CDRs, and the resulting overpayments identified. SSA processes work CDRs quickly for OASDI disabled beneficiaries who directly report earnings. However, the earnings data that we review in enforcement CDRs are generally only available the following year.

SGA-related overpayments occur when benefits are paid for months when they should have been suspended or terminated on the basis of SGA during or after the extended period of eligibility. Overpayments result when SSA is unaware of beneficiaries' work activity or is unable to respond quickly when the large volume of annual earnings data becomes available from the IRS.

All Disabled Beneficiaries with a Completed Work CDR

Table 3
Distribution, by type of review, 2016

Reviews	Total	Direct report	Enforcement
Total reviews completed	242,471	116,863	125,608
Average days between report and initiation of CDR ^a	--	17	--
Average days between initiation and completion of CDR	198	79	308
Average overpayment per work CDR where an overpayment was identified (dollars)	16,000	--	--
Work CDRs where the period of months reviewed included at least one month of SGA after the TWP ^b	103,721	47,983	55,738

SOURCES: Social Security Administration, Disability Control File, Electronic Work File, and Master Beneficiary Record, 100 percent data.

NOTES: In 2016, 303,736 work CDRs were completed. This table represents the results of the first work CDR completed in the year per beneficiary. These numbers are not restricted to beneficiaries in current pay prior to the work CDR.

-- = not available.

^a Approximately 50% of the completed work CDRs could not be matched to the work report that triggered them.

^b This count includes the work CDRs that resulted in a suspension or termination of benefits. It also includes work CDRs where all SGA after the TWP fell within the grace period (and thus benefits were not suspended) as well as work CDRs where all months of SGA suspension within the period of months reviewed were months for which the suspension had already been prospectively effectuated by a prior work CDR.

We generally receive earnings information by June for the prior year, at which time we initiate work CDRs based on that information. Typically, over 200,000 work CDRs are started at one time, and this aggregate workload takes months to complete. Table 4 presents the number pending work CDRs based on the year they were initiated. For work CDRs initiated in 2015 or earlier, 3,000 are pending completion. For work CDRs initiated in 2016, 110,000 are pending.

Table 4.
Number of pending work CDRs, by year CDR was initiated (in thousands), December 2016

Year	Total
2015 and earlier	3
2016	110

SOURCE: Social Security Administration, Social Security Unified Measurement Systems data, 100 percent data.

Estimated Savings

Table 5 presents estimated benefit savings to the OASI and DI Trust Funds for work CDRs completed in calendar year 2016.²

These OASDI benefit savings estimates are based on:

- Projected recoveries of benefit overpayments for SGA-related overpayments detected and established during calendar year 2016;
- Projected future nonpayment of benefits during periods of SGA-related suspension or termination resulting from work CDRs completed in calendar year 2016; and
- The economic and demographic assumptions underlying the 2017 OASDI Trustees Report.

Table 5
Estimated OASDI benefit savings attributable to work CDRs completed in calendar year (CY) 2016

Annual savings for first 10 calendar year (in millions of nominal dollars)

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Benefit savings	640	760	570	490	440	400	370	360	340	320

Present value, as of 12/31/2016, of benefit savings over the full period of effect of the CY 2016 work CDRs..... \$6 billion

SOURCES: Social Security Administration, Office of the Chief Actuary, projections based on historical experience from the Master Beneficiary Record and the Recovery of Overpayments, Accounting, and Reporting file, 100 percent data.

² Work CDRs have additional effects on payments under the Medicare, Supplemental Security Income (SSI), and Medicaid programs that are not reflected in Table 5.

Work Incentives

Table 6 reports on beneficiaries’ use of work incentives, including the Ticket to Work program, vocational rehabilitation, and other incentives. All work incentives are intended to assist beneficiaries in becoming self-sufficient through work. Work incentives can help a beneficiary find a job or start a business, or protect medical benefits in the early days of work, for example. Employment supports provide help over a long period to allow beneficiaries the ability to test work, or to continue working, and gradually become self-supporting and independent. For more information on SSA’s work incentives, see SSA’s Red Book: <https://www.ssa.gov/redbook/>.

All Disabled Beneficiaries with a Completed Work CDR Who Participated In Work Incentives

Table 6.
Distribution, by work incentive and type of review, 2016

Work Incentives	Total	Direct report	Enforcement
Total reviews completed	242,471	116,863	125,608
Ticket to Work participants			
Employment Network active	9,651	6,307	3,344
Vocational Rehabilitation active	16,293	10,102	6,191
Number using Work Incentives			
Trial Work Period	119,380	49,536	69,844
Impairment related work expense	5,879	2,914	2,965
Unsuccessful work attempts	15,643	5,987	9,656
Subsidies	12,673	5,018	7,655
Special condition	2,471	1,351	1,120

SOURCE: Social Security Administration, Disability Control File, 100 percent data.

NOTES: In 2016, 303,736 work CDRs were completed. This table represents the results of the first work CDR completed in the year per beneficiary.

Conclusion

We have taken significant measures to improve the work CDR process. We have improved our business process and computer systems to better track and manage the work CDR workloads. This includes the development of WorkSmart, a process that will improve our selection of cases for enforcement CDRs. Another improvement measure is the implementation of several sections within the BBA, including Section 826, which will require the development of electronic wages reported for OASDI disabled beneficiaries and Section 825, which will allow us to credit work in the month it is paid. SSA believes that these changes are improving the work CDR process and, in some cases, are improving processing times.