



# SOCIAL SECURITY

The Commissioner

April 8, 2019

The Honorable Richard Neal  
Chair, Committee on Ways and Means  
House of Representatives  
Washington, DC 20515

Dear Mr. Chair:

Section 845(b) of the Bipartisan Budget Act of 2015 requires us to submit an annual report on work-related continuing disability reviews to the House Committee on Ways and Means and the Senate Committee on Finance. I have enclosed our report of activity in calendar year 2017.

If you have questions about this report, please feel free to contact me. Your staff may also contact Royce Min, our Acting Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030.

I am also sending the report to Senators Grassley and Wyden, and Representative Brady.

Sincerely,

Nancy A. Berryhill  
Acting Commissioner

**Social Security Administration**  
**Bipartisan Budget Act of 2015 Section 845(b) Report**  
**Calendar Year 2017**

**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), a period during which disabled beneficiaries may test their ability to work and still be considered disabled and eligible for OASDI benefits. Work at the SGA level after the TWP indicates the beneficiaries are no longer eligible for OASDI disability benefits.<sup>1</sup> 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.

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<sup>1</sup> Some beneficiaries will retain eligibility for Medicare after loss of OASDI eligibility due to engaging in SGA.

- 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 with respect to which the Commissioner of Social Security reimbursed a State agency under section 222(d).

### **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 for a continuous period of 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 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 2017, earnings averaging over \$1,170 a month for non-blind individuals and \$1,950 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 or does not reach SGA after the TWP.

Table 1 shows the source of our information about earnings. In 2017, we obtained external earnings information from two sources: (1) the Office of Child Support and Enforcement (OCSE), provided on a quarterly basis; and (2) the Internal Revenue Service (IRS), provided on an annual basis.<sup>2</sup>

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<sup>2</sup> SSA uses IRS data for its Master Earnings File, cited as the data source in Table 1.

**All OASDI Disabled Beneficiaries with Reported Earnings**

**Table 1**

**Number of reports of earnings received by source of report, 2017 (in thousands)**

Year	Direct reporting	Enforcement	
		IRS	OCSE
2017	344	2,166	2,924

SOURCES: SSA, Master Earnings File and Electronic Work file, 100 percent data.

Note: We do not include a total because many cases appear in multiple 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.

**All OASDI disabled beneficiaries with a Work CDR Initiated**

**Table 2**

**Number of work reviews initiated and source of earnings, 2017 (in thousands)**

Year	Total	Direct reporting	Enforcement
2017	730	415	315

SOURCE: SSA, Disability Control File, 100 percent data.

Table 3 presents information on the number of work CDRs completed in 2017, 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. Starting in 2017, SSA began using quarterly earnings data from OCSE to identify enforcement CDRs just a few months after the beneficiary starts working.

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.<sup>3</sup> 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.

<sup>3</sup> During this period, benefits to those whose disability had previously ceased due to SGA may be reinstated, provided they continue to have a disabling impairment, cease performing SGA, and meet certain other technical requirements.

**All Disabled Beneficiaries with a Completed Work CDR**

**Table 3  
Distribution, by type of review, 2017**

Reviews	Total	Direct report	Enforcement
Total reviews completed	258,324	129,352	128,972
Average days between report and initiation of CDR <sup>a</sup>	--	19	--
Average days between initiation and completion of CDR	126	70	182
Average due process overpayment per beneficiary where an overpayment was identified (dollars)	14,500	--	--
Work CDRs where the period of months reviewed included at least one month of SGA after the TWP <sup>b</sup>	107,187	53,792	53,395

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

NOTES: In 2017, 333,508 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. Due process overpayment represents the total overpayment to the beneficiary.

-- = not available.

a. Approximately 50 percent of the completed work CDRs could not be matched to the work reports that triggered them.

b. This count includes the work CDRs that resulted in suspensions or terminations of benefits. It also includes work CDRs where all SGA after the TWP fell within the grace period (and, thus, benefits were not suspended).

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 of pending work CDRs based on the year they were initiated. For work CDRs initiated in 2016 or earlier, 3,000 are pending completion. For work CDRs initiated in 2017, 145,000 are pending.

**Table 4**

**Number of pending work CDRs, by year CDR was initiated (in thousands), January 2018**

Year	Total
2016 and earlier	3
2017	145

SOURCE: SSA, Social Security Unified Measurement System 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 2017.<sup>4</sup>

These OASDI benefit savings estimates are based on:

- Projected recoveries of benefit overpayments, for SGA-related overpayments detected and established during calendar year (CY) 2017;
- Projected future nonpayment of benefits during periods of SGA-related suspension or termination resulting from work CDRs completed in CY 2017; and
- The intermediate set of economic and demographic assumptions underlying the 2018 OASDI Trustees Report.

**Table 5**  
**Estimated OASDI benefit savings attributable to work CDRs completed in CY 2017**

<b>Annual savings for first 10 calendar year (in millions of nominal dollars)</b>										
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Benefit savings	684	812	612	528	470	423	397	378	357	339

**Present value, as of December 31, 2017, of benefit savings over the full period of effect of the CY 2017 work CDRs..... \$6.6 billion**

SOURCES: SSA, 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.

## 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. Employment supports provide help over a long period to allow beneficiaries 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/>.

<sup>4</sup> Work CDRs have additional effects on Federal payments under the Medicare, Supplemental Security Income, and Medicaid programs that are not reflected in Table 5.

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

<b>Table 6</b>			
<b>Distribution, by work incentive and type of review, 2017</b>			
Work Incentives	Total	Direct report	Enforcement
Total reviews completed	258,324	129,352	128,972
Ticket to Work participants			
Employment Network active	11,924	7,740	4,184
Vocational Rehabilitation active	16,562	10,433	6,129
Number using Work Incentives			
Trial Work Period	131,902	74,769	57,133
Impairment related work expense	6,884	3,242	3,642
Unsuccessful work attempts	15,539	7,241	8,298
Subsidies	12,949	5,711	7,238
Special condition	2,722	1,522	1,200

SOURCE: SSA, Disability Control File, 100 percent data.

NOTE: In 2017, 333,508 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 processes and computer systems to better track and manage the work CDR workloads, including the use of OCSE earnings data to start work CDRs within months after the beneficiary starts working. We have also implemented several sections within the BBA, including Section 826, which requires the development of additional electronic wage reporting for OASDI disabled beneficiaries, and Section 825, which allows us to credit earnings in the month they are paid, if there are difficulties identifying when the wages are earned. We believe these changes are improving the work CDR process and, in some cases, are improving processing times.