

Disability Insurance Claims with Ohio Workers' Compensation Benefits

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Office of Audit Report Summary

Objectives

Our objectives were to (1) identify Disability Insurance (DI) claimants who received Ohio workers' compensation (WC) benefits and (2) determine whether identified cases resulted in overpaid DI benefits.

Background

Under the Old-Age, Survivors and Disability Insurance program, the Social Security Administration (SSA) is required to provide monthly DI benefits to insured individuals who meet specific disability requirements. Individuals who qualify for DI benefits may also be eligible for State WC benefits.

When an injured worker qualifies for both DI and State WC, by law, SSA may be required to reduce DI benefits. SSA reduces the DI benefit based on an offset calculation set forth in its policies and procedures.

We reviewed a random sample of 1,000 DI beneficiaries who were not in WC offset as of November 2017 and had a date of entitlement from January 2015 through December 2016, an Ohio address, and earnings during their year of entitlement or during the 2 years before their year of entitlement.

Findings

SSA overpaid \$63,053 to five DI beneficiaries who received WC. In four cases, SSA overpaid DI benefits because it did not follow up and obtain WC information when the DI beneficiary reported he had filed, or intended to file, for WC. In the remaining case, the beneficiary did not report potential WC benefits during the DI application process, or upon receiving the WC benefits. We provided these five cases to SSA, and it took corrective action. Based on our sample results, we estimated SSA overpaid about \$391,000 to 31 beneficiaries who received WC benefits.

Additionally, the Bureau of Workers' Compensation (BWC) Website indicated Ohio awarded WC benefits to five other DI beneficiaries. However, the Website contained limited information and did not provide WC payment information for these employer self-insured claims.

SSA may pay incorrect DI benefits when it does not have correct or complete WC information. Since SSA has access to Ohio's BWC Website, we encourage SSA to use these third-party data to identify unreported, or resumed, WC payments and prevent DI overpayments. During our review of the BWC Website, it took us a minimum amount of time and resources to query individual claims and identify WC claims or benefits related to DI beneficiaries. We understand querying the BWC Website is a tool for identifying WC benefits, and staff would have to develop the WC information to determine whether SSA should offset the DI benefits. However, we believe SSA could have a high benefit relative to cost by querying Ohio's BWC for specific claims.

We have an ongoing audit to determine how accurately SSA is processing WC benefits during the DI application process. As such, we are not making recommendations for SSA to improve its process for following up and obtaining WC information.

Recommendation

We recommend that SSA obtain complete WC information for the five DI beneficiaries who may be receiving WC benefits from a self-insured employer and determine whether the Agency should impose a WC offset.

SSA agreed with our recommendation.