



SOCIAL SECURITY

March 22, 2023

The Honorable Jason Smith
Chair, Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Committee Chair Smith:

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. I have enclosed our report of activity in calendar year 2021.

If you have questions about this report, please contact me or your staff may contact Tom Klouda, our Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030.

I am also sending the report to the Senate Committee on Finance.

Sincerely,

Kilolo Kijakazi
Acting Commissioner

Enclosure

cc:

The Honorable Richard E. Neal, Ranking Member



SOCIAL SECURITY

March 22, 2023

The Honorable Ron Wyden
Chair, Committee on Finance
U.S. Senate
Washington, DC 20510

Dear Committee Chair Wyden:

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 Senate Committee on Finance. I have enclosed our report of activity in calendar year 2021.

If you have questions about this report, please contact me or your staff may contact Tom Klouda, our Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030.

I am also sending the report to the House Committee on Ways and Means.

Sincerely,

Kilolo Kijakazi
Acting Commissioner

Enclosure

cc:
The Honorable Mike Crapo, Ranking Member

Annual Report on Work-Related Continuing Disability Reviews Calendar Year 2021

Overview

We perform work-related continuing disability reviews (work 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.¹ 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 (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 CDR, and the basis on which such determinations were made.
- 3) In the case of a beneficiary selected for a work 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.

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

- 4) Total savings² 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 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) of the Act.

Work CDR Process

The Act defines 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 12 months or result in death.

OASDI disabled beneficiaries are required to inform us of new or changed work activity. When a beneficiary self-reports work activity or earnings to us, it is known as direct reporting. Beneficiaries who directly report their earnings generally have their work CDRs conducted in the field office nearest to the beneficiary. We also detect earnings using data matching to external reports of earnings. After allowable exclusions are applied, we alert our processing centers of the need to conduct a work CDR. We use the term “enforcement work CDR” to refer to a work CDR triggered by an external report of earnings.

In 2021, earnings averaging over \$1,310 a month for non-blind individuals and \$2,190 for blind individuals generally demonstrated the ability to perform SGA.

When we receive reports of earnings or work activity from direct reports or enforcements, 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 2021, we obtained the external earnings information from two sources: (1) the Office of Child Support Enforcement (OCSE), provided on a quarterly basis; and (2) the Internal Revenue Service (IRS), provided on an annual basis.³

² Program “savings” as referenced in Section 845(b) of the BBA of 2015, hereafter referred to as reductions in program outlays, refers to the total amount of benefits that would have been due to the beneficiary and paid in the absence of the work CDR process, and so represent total benefit payments that are reduced through overpayment collection and avoided as a result of the additional consideration attributable to the work CDR determination.

³ We use wage and self-employment data as recorded in the Master Earnings File.

All OASDI disabled beneficiaries with reported earnings

Table 1
Number of beneficiaries for whom reports of earnings were received by source of report (in thousands)

Year	Direct reporting	Enforcement	
		IRS	OCSE
2021	245	1,838	2,071

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

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

Thousands of the disabled beneficiary earnings records we receive and review annually do not result in a work CDR. Usually, a work CDR is not initiated because the available earnings are below SGA or would not result in a completed TWP. A diary reminder may be set for a review to be initiated months later when the beneficiary may have completed their TWP. Some beneficiaries receive multiple work CDRs in a year because their reported earnings indicate the earnings could have an impact on their entitlement to benefits. 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 technicians reviewed the available data, applied program instructions, and ceased reviews prior to completion.

All OASDI disabled beneficiaries with a work CDR

Table 2
Number of work reviews initiated and source of earnings (in thousands)

Year	Total	Direct reporting	Enforcement
2021	435	270	164

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

Table 3 presents information on the number of work CDRs completed in 2021, the time taken to process these work CDRs, and the resulting overpayments identified. We process work CDRs more quickly for OASDI disabled beneficiaries who directly report earnings. The external earnings data, which are reviewed in enforcement work CDRs, are generally only available the following year. Starting in 2017, we began using quarterly earnings data from OCSE to identify enforcement work CDRs more quickly—normally within 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 the beneficiaries engaging in SGA during or after the extended period of eligibility.⁴ Most overpayments result when we are unaware of beneficiaries' work activity or are unable to respond quickly when the large volume of earnings data becomes available all at once.

All disabled beneficiaries with a completed work CDR

Table 3
Distribution, by type of review, 2021

Reviews	Total	Direct report	Enforcement
Total reviews completed	231,807	95,833	135,974
Average days between report and initiation of work CDR ^a	--	18	--
Average days between initiation and completion of work CDR	253	87	370
Average overpayment per beneficiary 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	110,704	39,799	70,905

SOURCES: SSA, Disability Control File, Electronic Work File, and Recovery of Overpayments, Accounting and Reporting Systems, 100 percent data.

NOTES: In 2021, 273,441 work CDRs were completed. This table represents the results of the first work CDR completed in the year per beneficiary.

-- = not available.

a. Approximately 60 percent 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).

Prior to 2021, we generally received annual earnings information by June for the prior year, at which time we initiated work CDRs based on annual earnings data. Typically, over 200,000 work CDRs were started at one time, and this aggregate workload took a full year to complete. Starting in 2021, we now rely more on quarterly earnings data from OCSE to initiate work CDRs. The quarterly earnings data is available nearly a year earlier than IRS data and allows us to initiate work CDRs in smaller batches throughout the year. We also developed better computer programs to filter enforcement earnings data and only initiate a work CDR if the earnings indicate the beneficiary completing the TWP or is working SGA. Table 4 presents the number of pending work CDRs based on the year they were initiated.

⁴ 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 OASDI disabled beneficiaries with a work CDR

Table 4

Number of pending work CDRs, by year work CDR was initiated (in thousands), January 2022

Year	Total
2020 and earlier	64
2021	176

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

Estimated Reductions in Program Outlays

Table 5 presents estimated net reductions in program outlays for the combined OASDI Trust Funds for work CDRs completed in calendar year (CY) 2021.⁵

These estimated net reductions in OASDI program outlays are based on:

- Projected recoveries of benefit overpayments, for SGA-related overpayments detected and established during CY 2021, less projected outlays for SGA-related underpayments detected and established during CY 2021;
- Projected future nonpayment of benefits during periods of SGA-related suspension or termination resulting from work CDRs completed in CY 2021, less projected future benefit payments for periods of SGA-related suspension or termination that were rescinded due to work CDRs completed in CY 2021; and
- The intermediate set of economic and demographic assumptions underlying the 2022 OASDI Trustees Report.

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

Table 5**Estimated net reductions in OASDI program outlays attributable to work CDRs completed in CY 2021**

Annual net reductions in program outlays for the first 10 calendar years (in millions of nominal dollars)										
Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Net reductions in OASDI program outlays	\$864	\$1,043	\$781	\$678	\$608	\$555	\$519	\$494	\$467	\$445

Estimated present value of net lifetime reductions in OASDI program outlays, discounted for interest to December 31, 2021..... \$8.8 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 System, 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, 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 to test work or to continue working, and gradually become self-supporting and independent. For more information on our work incentives, see the Red Book: <https://www.ssa.gov/redbook/>.

All OASDI disabled beneficiaries with a completed work CDR**Table 6****Distribution, by work incentive and type of review, 2021**

Work Incentives	Total	Direct report	Enforcement
Total reviews completed	231,807	95,833	135,974
Ticket to Work participants			
Employment Network active	13,221	7,898	5,323
Vocational Rehabilitation active	9,226	5,324	3,902
Number using Work Incentives			
Trial Work Period	125,501	59,900	65,601
Impairment related work expense	4,156	1,705	2,451
Unsuccessful work attempts	14,222	5,375	8,847
Subsidies	9,774	3,756	6,018
Special condition	2,377	1,019	1,358

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

NOTE: In 2021, 273,441 work CDRs were completed. This table represents the results of the first work CDR completed in the year per beneficiary.

Conclusion

We took significant measures to improve the work CDR process. We improved our business processes and computer systems to better track and manage the work CDR workloads. We implemented the use of OCSE earnings data to start work CDRs within months after a beneficiary starts working. We also implemented several sections of the BBA, including Section 826, that 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. For Section 824, we signed an agreement with a third-party payroll data provider to supply monthly payroll data for beneficiaries who granted us authorization to make requests for this data. These changes facilitate the work CDR process, improve work CDR processing times, and reduce overpayments.