



## SOCIAL SECURITY

April 12, 2021

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

Dear Committee Chair Neal:

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 2019.

If you have questions about this report, please feel free to contact me, or your staff may contact Eric Skidmore, 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,

Andrew Saul  
Commissioner

Enclosure

cc:

The Honorable Kevin Brady



## SOCIAL SECURITY

April 12, 2021

The Honorable Ron Wyden  
Chair, Committee on Finance  
United States 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 2019.

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Sincerely,

Andrew Saul  
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Enclosure

cc:

The Honorable Mike Crapo

# Bipartisan Budget Act of 2015 Section 845(b) Report, Calendar Year 2019

## Overview

We perform work-related continuing disability reviews (work CDRs) 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 (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.
- 4) Total savings<sup>2</sup> 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.

<sup>2</sup> Program “savings” as referenced in Section 845(b) of the BBA of 2015, and as used throughout this report, refers to the total amounts 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 CDR determination.

- 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 report new or changed work activity to us. When a beneficiary self-reports work activity or earnings to us, it is known as direct reporting. Beneficiaries who direct report their earnings generally have their work CDRs conducted by technicians 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 CDR” to refer to a work CDR triggered by an external report of earnings.

In 2019, earnings averaging over \$1,220 a month for non-blind individuals and \$2,040 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 2019, the external earnings information was obtained 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>3</sup>

**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
2019	292	2,106	2,257

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.

<sup>3</sup> We use IRS data for its Master Earnings File, cited as the data source in Table 1.

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**

<b>Table 2</b>			
<b>Number of work reviews initiated and source of earnings (in thousands)</b>			
Year	Total	Direct reporting	Enforcement
2019	672	375	297

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

Table 3 presents information on the number of work CDRs completed in 2019, the time taken to process these CDRs, and the resulting overpayments identified. We process work CDRs more efficiently for OASDI disabled beneficiaries who directly report earnings. However, the external earnings data, which are reviewed in enforcement CDRs, are generally only available the following year. Starting in 2017, we began using quarterly earnings data from OCSE to identify enforcement CDRs more quickly—generally 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.<sup>4</sup> 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 at one time.

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<sup>4</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, 2019**

Reviews	Total	Direct report	Enforcement
Total reviews completed	252,065	134,003	118,062
Average days between report and initiation of work CDR <sup>a</sup>	--	17	--
Average days between initiation and completion of work CDR	131	75	194
Average due process overpayment per beneficiary where an overpayment was identified (dollars)	12,000	--	--
Work CDRs where the period of months reviewed included at least one month of SGA after the TWP <sup>b</sup>	115,184	56,701	58,483

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

NOTES: In 2019, 306,680 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 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).

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.

**All OASDI disabled beneficiaries with a work CDR**

**Table 4**  
**Number of pending work CDRs, by year CDR was initiated (in thousands), January 2020**

Year	Total
2018 and earlier	9
2019	219

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

## Estimated Program Savings

Table 5 presents estimated net benefit savings to the OASDI Trust Funds for work CDRs completed in calendar year (CY) 2019.<sup>5</sup>

These net OASDI benefit savings estimates are based on:

- Projected recoveries of benefit overpayments, for SGA-related overpayments detected and established during CY 2019, less projected outlays for SGA-related underpayments detected and established during CY 2019;
- Projected future nonpayment of benefits during periods of SGA-related suspension or termination resulting from work CDRs completed in CY 2019, less projected future benefit payments for periods of SGA-related suspension or termination that were rescinded due to work CDRs completed in CY 2019; and
- The intermediate set of economic and demographic assumptions underlying the 2020 OASDI Trustees Report.

**Table 5**  
**Estimated net OASDI benefit savings attributable to work CDRs completed in CY 2019**

<b>Annual program cost savings for the first 10 calendar years (in millions of nominal dollars)</b>										
Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Benefit savings	\$700	\$840	\$640	\$550	\$490	\$440	\$410	\$390	\$370	\$350

**Present value of estimated net lifetime OASDI benefit savings, discounted for interest to December 31, 2019..... \$6.9 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/>.

<sup>5</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 OASDI disabled beneficiaries with a completed work CDR

**Table 6**

**Distribution, by work incentive and type of review, 2019**

Work Incentives	Total	Direct report	Enforcement
Total reviews completed	252,065	134,003	118,062
Ticket to Work participants			
Employment Network active	13,020	8,950	4,070
Vocational Rehabilitation active	11,859	8,079	3,780
Number using Work Incentives			
Trial Work Period	137,395	78,935	58,460
Impairment related work expense	5,524	2,777	2,747
Unsuccessful work attempts	15,253	7,477	7,776
Subsidies	12,714	5,720	6,994
Special condition	2,397	1,256	1,141

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

NOTE: In 2019, 306,680 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 a beneficiary starts working. We have also implemented several sections of 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. 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. We plan to implement this exchange in fiscal year 2021 and will receive the wages the month after a beneficiary earns them. We believe that these changes facilitate the work CDR process, improve work CDR processing times, and reduce resulting overpayments.