



SOCIAL SECURITY
Office of the Inspector General

April 20, 2012

The Honorable Sam Johnson
Chairman, Subcommittee on Social Security
Committee on Ways and Means
U.S. House of Representatives
B-317 Rayburn House Office Building
Washington, D.C. 20515

Attn: Kim Hildred

Dear Chairman Johnson:

This is in response to your letter dated March 22, 2012, in which you requested information related to the Social Security Administration's (SSA) Office of the Inspector General's (OIG) Cooperative Disability Investigations (CDI) program, following your Subcommittee's January 24, 2012 Hearing on Combating Disability Waste, Fraud, and Abuse. I appreciate the opportunity to provide information related to this critical issue. Below are responses to your specific questions.

1. Do CDI Units use social media to find out whether people are actually working?

Yes, our CDI Unit investigators use social media and additional third-party databases to obtain as much information on claimant and beneficiaries that have been referred to the CDI Units for investigation.

For example, the Kansas City CDI Unit investigated a man who applied for disability benefits and stated that he could not stand for more than five to 10 minutes. The Disability Determination Service (DDS) in Topeka, Kansas, suspected the man was making exaggerated mental and physical complaints and referred the case to the CDI Unit.

A review of the man's Facebook account included several photos of the man standing with friends at an outdoor music festival site, and the account indicated the man worked for an on-site festival taxi service. CDI investigators turned the photos and other evidence over to the DDS, and the DDS denied the man's claims for disability benefits.

2. Who are the perpetrators of the fraud your unit finds? What is their level of sophistication? Are they organized scams or do they work alone? Are they first-timers or repeat offenders?

Most of the fraud is one individual committing fraud for his or her benefit. Many of these individuals have applied for and been denied disability benefits previously, and, in fact, one of the high-risk factors that can be indicative of fraud is multiple benefit applications from the same individual. Often the subsequent applications that CDI Units see are submitted in quick succession with little or no change in the applicants' medical records. It is not uncommon for an applicant to have one new application pending while they are appealing a previous denial.

CDI Units have investigated organized groups of people committing fraud, as well as third-party facilitators of fraud (doctors, lawyers, interpreters, etc. who are assisting many different individuals), and those cases are a priority; however, individual fraud is much more common.

3. How do defrauders you find receiving benefits get away with their pretense for so long? Is disability that easy to fake?

The challenge for SSA is to balance service initiatives, such as processing new claims, with stewardship responsibilities, such as conducting timely continuing disability reviews (CDRs). We in the OIG issued a report in 2010 that found SSA's number of completed medical CDRs decreased from Fiscal Year (FY) 2004 to FY 2008 because of increasing SSA service workloads.

Medical CDRs are effective in reducing overpayments in SSA's Disability Insurance (DI) program. SSA estimates that every \$1 spent on medical CDRs yields at least \$10 in SSA program savings and Medicare and Medicaid. In FY 2011, SSA conducted more than 345,000 medical CDRs, up from 325,000 in FY 2010. In FY 2012, it is intended the Agency will receive \$896 million for program integrity efforts like medical CDRs, and SSA has a goal of conducting 1.44 million CDRs total, including a proposed 592,000 medical CDRs.

SSA estimates that meeting the goals for medical CDRs and other integrity efforts will result in about \$9 billion in savings over 10 years, including Medicare and Medicaid savings. However, SSA's Office of Quality Performance projects that at the end of FY 2012, SSA will still have a backlog of 1.2 million medical CDRs.

In addition, simplifying the rules for determining if disabled beneficiaries have earnings that affect disability benefits could help combat fraud in the DI program. Even if SSA received earnings data—such as Federal payroll information—more frequently, Agency staff still need to review the earnings. SSA cannot simply stop benefit payments because it is notified that a beneficiary is working. For instance, because earnings reported to SSA may include amounts that are not related to current work—such as bonuses, termination pay, and sick pay—SSA must evaluate the earnings to determine whether they represent earnings from Substantial Gainful Activity performed after entitlement to disability benefits began, or whether the earnings exceeded the “countable earnings” threshold. SSA must also assess trial work and other work incentive provisions. This review (that is, a work CDR or SSI redetermination) is a labor-intensive process, and the staff resources required compete against the Agency's need to complete other priority workloads.

SSA has developed a legislative proposal—the Work Incentive Simplification Pilot—to simplify work policies in the DI program, which would reduce administrative complexity and workloads,

enhance correlation of program rules among SSA's disability programs, and encourage DI beneficiaries to return to work because they would not face a permanent loss of benefits and Medicare.

4. How aware is the public of your efforts? Do you run TV ads asking the public to report fraud?

We do not use television ads to disseminate information on reporting potential fraud. However, we recently launched an expanded and redesigned OIG website (<http://oig.ssa.gov>), and we are in the process of establishing several social media tools (a blog on the OIG website, and YouTube, Twitter, and Facebook accounts) to improve communication with the public on how to report suspected Social Security fraud and what information to provide to the OIG.

5. How do you train Disability Determination Services (DDS) and field office employees to recognize fraud?

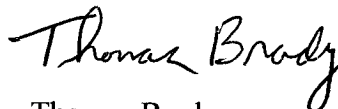
The CDI Units conduct regular training with the DDS and SSA district offices to make employees aware of the CDI program and to instruct employees on how to report fraud. The OIG publishes a monthly fact sheet and distributes the report to local OIG, DDS, and SSA offices to raise awareness of the CDI program and to highlight its accomplishments and successful cases. Additionally, some of the CDI Units publish local, periodic newsletters to highlight some of their more interesting cases and to thank the DDS or SSA staff that referred cases.

6. What changes in the process at the DDS or in field offices might assist in screening out more fraudulent claims?

SSA can do many things to screen claimants or beneficiaries for eligibility before they can commit fraud. SSA could use several third-party databases to look for real property, wages, and employment and marriage information. In addition, SSA could utilize social media tools to see if claimants and beneficiaries are posting updates or photos that are inconsistent with their alleged disabilities.

Thank you for the opportunity to address these issues, and for your continuing support of our vital work. I trust that I have been responsive to your request. If you have further questions, please feel free to contact me, or your staff may contact Misha Kelly, Congressional and Intra-Governmental Liaison, at (202) 358-6319.

Sincerely,



Thomas Brady
Special Agent