BRIEF

ISSUE BRIEF

Promoting Opportunity Demonstration: Description of Overpayments and Stakeholder Experiences

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Monica Farid
Sarah Croake
Denise Hoffman
Paul Shattuck
Aleksandra Wec
David Wittenburg

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Social Security Administration
Office of Research, Demonstration, and Employment Support
4-P-8-D Annex
6401 Security Boulevard
Baltimore, MD 21235
Project Officer: John Travis Jones
Contract Number: SS00-17-60008

Submitted by:
Mathematica Policy Research
1100 1st Street, NE, 12th Floor
Washington, DC 20002-4221
Telephone: (202) 484-9220
Facsimile: (202) 863-1763
Project Director: David Wittenburg
Reference Number: 50390

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Executive Summary

The Promoting Opportunity Demonstration (POD) tests modifications to Social Security Disability Insurance (SSDI) program rules and is intended to promote the labor force attachment of SSDI beneficiaries. Under current rules, beneficiaries with earnings that exceed substantial gainful activity (SGA) limits are generally not entitled to receive cash benefits. POD replaced this loss of benefits with a $1 for $2 benefit offset for earnings above either the POD threshold or the beneficiary's impairment-related work expenses, whichever amount was higher.

These modifications have implications for the prevalence and size of beneficiary overpayments. A work-related overpayment occurs when the Social Security Administration (SSA) issues benefits to a beneficiary who is not entitled to them on the basis of their work activity. Work-related overpayments in the SSDI program create financial challenges for beneficiaries (when repaying overpayments) and administrative challenges in collecting repayments.

POD had five implications for the prevalence and size of beneficiary overpayments. First, POD eliminated the trial work period and lowered the earnings threshold at which benefits would change, meaning that more beneficiaries were eligible for benefit reductions and, hence, overpayment. Second, because of the benefit offset, treatment group members could experience a partial reduction in benefits (instead of the full loss of benefits experienced by the control group) and thus face smaller overpayments. Third, POD required timely and precise monthly earnings information to inform accurate benefit adjustments and avoid overpayments. Hence, inaccurate earnings reports were more likely to yield overpayments in POD than under current law. Fourth, SSA developed an automated system to process benefit adjustments under POD treatment rules. Faster processing could reduce overpayments. Finally, POD had an increased focus on earnings reporting reminders and support, which could encourage beneficiary reporting and reduce overpayments.

Beneficiaries experienced more frequent but smaller overpayments under POD compared to current rules. The prevalence of overpayments was higher for treatment group members compared to control group members (17 percent versus 6 percent). This difference represents an upper bound given that it is unlikely that SSA had identified all overpayments for POD control group members. Among enrollees with an identified overpayment, the average monthly overpayment amount was $316 among treatment group members compared to $1,173 among control group members. The lower amount for treatment group members is due to the POD benefit offset. During interviews, POD treatment group members noted not expecting overpayments and sought support from their POD counselors.

Overall, the findings on overpayments illustrate a tradeoff in offset policies for beneficiaries and administrators. On the one hand, an offset requires more precise earnings information to generate accurate benefit adjustments, meaning that incorrect earnings reports are more likely to lead to overpayments. However, among those overpaid, the size of the overpayment is smaller for those in the treatment group relative to the control group and potentially more manageable.

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A. Introduction

An important policy challenge for the Social Security Administration (SSA) is that many Social Security Disability Insurance (SSDI) beneficiaries who return to work experience overpayments. Unless they successfully appeal the overpayment decision, beneficiaries are required to repay these overpayments to SSA, which can create economic hardship for beneficiaries (O'Day et al. 2016; Hoffman et al. 2017). Recovering overpayments also poses program integrity and administrative challenges to SSA. SSA estimates that the administrative cost of recovering overpayments is 7 cents for every $1 recovered (SSA 2021a).

A work-related overpayment occurs when SSA issues a monthly SSDI benefit to a beneficiary who is not entitled because of their work activity. Work-related overpayments can occur because beneficiaries do not accurately report their earnings in the time frame required by SSDI rules, or SSA may encounter delays in processing earnings information (GAO 2013, 2015, 2016; SSA 2018). Beneficiaries under current rules and in SSA demonstrations are required to track their earnings and report them in a timely manner. If beneficiaries do not report their earnings, SSA must wait until earnings information is available from other sources, often months after the earnings occurred. When earnings information is available, administrators must determine whether the beneficiary's earnings necessitate benefit adjustments.

The Promoting Opportunity Demonstration (POD) rules could affect the prevalence, frequency, and size of overpayments relative to current SSDI rules.[1] This is due to differences in POD rules governing how earnings affect benefits, differences in procedures for processing earnings, and differences in the processes for reminding beneficiaries of their reporting responsibilities relative to current law. These differences could also lead to underpayments, which occur when a beneficiary is entitled to benefits but did not receive them because of inaccurate information on work activity. We focus on overpayments because they are more common than underpayments and have been the focus of SSA strategic objectives to improve program integrity (SSA 2021a).

This brief examines how POD treatment and control group members experienced overpayments. After presenting the prevalence and size of overpayments for treatment and control group members, we describe qualitative findings from POD treatment group members and POD counselors about treatment beneficiaries' expectations around overpayments and their responses to those overpayments. Finally, we draw from interviews with SSA staff who supported the implementation of POD to summarize key themes of SSA's experience with processing POD offsets.

[1] POD could also affect the prevalence and size of underpayments, which occur when beneficiaries do not receive the entire benefit amount to which they are entitled on the basis of work.

B. Background on SSDI program and POD rules that influence overpayments

Current SSA policy regarding work activity

SSA's eligibility requirements for SSDI benefits are linked to beneficiaries' work activity. Eligibility to receive SSDI benefits requires an inability to engage in substantial gainful activity (SGA) because of a medically determinable physical or mental impairment that is expected to result in death or last for a continuous period of at least 12 months.[2] Current program rules offer work incentives that allow beneficiaries to test their ability to work without losing their benefits. One example is the trial work period (TWP), which consists of nine months in which a beneficiary's earnings can exceed SGA without affecting their SSDI benefits. The current rules may lead to overpayments because they contribute to complex earnings processing for SSA and confusion about reporting responsibility among beneficiaries (GAO 2015).

Program rules governing work activity under current rules and implications for overpayment

During the Trial Work Period (TWP), work activity has no effect on SSDI benefits. The TWP consists of 9 months within a rolling 60-month window in which earnings have exceeded an annually adjusted monthly threshold. The TWP is followed by the extended period of eligibility (EPE), which lasts for at least 36 months. The first 3 months of the EPE is a grace period in which work activity does not affect benefits.

During the first 36 months of the EPE, if beneficiaries engage in SGA in a particular month, they are not eligible to receive SSDI benefits for that month. Work-related overpayments occur when a beneficiary engages in SGA during the EPE and receives SSDI benefits that should have been suspended under normal program rules.

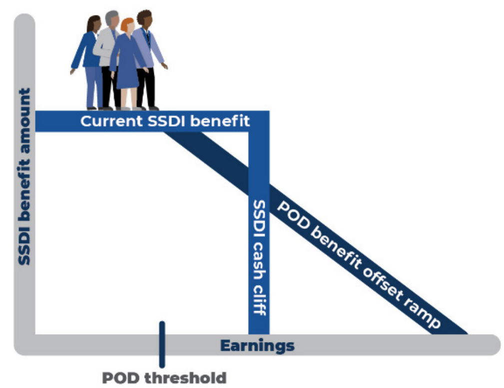
Beneficiaries are terminated when they engage in SGA after the 36th month of the EPE. Overpayments can accrue from the first month of termination through the month that SSA stops the beneficiary's benefit payments.

Work-related overpayments are prevalent under current rules. During the three-year period from 2010 to 2012, 71 percent of beneficiaries who engaged in SGA (after exhausting available work incentives) had a work-related overpayment (Hoffman et al. 2019). The estimated average overpayment amount was $12,000 in 2019 (SSA 2021b).

[2] SSA adjusts the SGA earnings level annually based on changes in the national average wage. The monthly SGA amount for non-blind individuals in 2021 is $1,310.

Benefit Offset National Demonstration and POD: Modifications to rules governing work activity and implications for overpayment

Cash cliff and the POD benefit offset



Congress directed SSA to implement two recent demonstrations that introduced a benefit offset to replace the complete loss of SSDI benefits when earnings surpass SGA. The first was the Benefit Offset National Demonstration (BOND), which started in March 2011 and will end in September 2022. The second was POD, which started in January 2018 and ended in June 2021.[3] The benefit offset in POD and BOND reduced benefits by $1 for every $2 of earnings above a given threshold, though POD tested a monthly offset and BOND tested an annualized offset. POD also used a lower monthly earnings threshold relative to BOND and eliminated other SSDI program provisions. Among volunteer beneficiaries assigned to BOND treatment rules, more beneficiaries (7 percent) experienced overpayments in 2013 compared with beneficiaries assigned to the control group (4 percent; the difference is statistically significant at the 1 percent level). The average overpayment amount, however, was lower among BOND treatment group members (Gubits et al. 2018).[4]

POD modifications to current rules could influence the prevalence, frequency and size of overpayments relative to BOND and the current rules. First, POD lowered the threshold at which earnings affect benefits, increasing the number of beneficiaries who were at risk of overpayments relative to current law and BOND, all else equal. Second, POD eliminated several current rule provisions, such as the TWP. This resulted in benefit adjustments (and potential overpayments) beginning sooner under POD relative to current law and BOND, further increasing the likelihood of overpayment. Third, the introduction of an offset that reduced benefits by $1 for every $2 in earnings rather than a complete loss of benefits under current law yields lower potential overpayment amounts (conditional on being overpaid) relative to current law. The offset also increased the importance of reporting precise earnings to avoid overpayments. For example, under current law, an earnings report that is above the SGA threshold but for which the amount is inaccurate does not lead to an overpayment. Fourth, POD also had an increased focus on earnings reporting reminders and support through mailings and reminders from POD counselors, which could have clarified and facilitated beneficiary reporting and helped to avoid overpayments.

In addition, the process through which overpayments were identified under POD might have allowed SSA to identify them more quickly than it could with current rules. Under current rules, SSA must develop a work CDR to review work earnings, investigate use of work incentives, determine the appropriate months for benefit payments, and determine whether someone has a

[3] Though recruitment started in January 2018, the first date beneficiaries in POD's treatment groups could use the offset was February 2018.

[4] BOND investigated the impacts of offering the benefit offset in two segments: Stage 1 and Stage 2. Similar to POD, BOND Stage 2 was a voluntary demonstration. We provide descriptive statistics from BOND Stage 2 as a point of reference because the underlying population is more similar to POD than to BOND Stage 1.

work-related overpayment. In 2019, the average time to complete a work CDR was 92 days after receiving a direct earnings report. Although recent information is not as readily available, the available information suggests the timeline was longer—between 16 and 31 months on average—for unreported earnings: between 3 and 18 months for SSA to identify unreported earnings, about 7 months for SSA to initiate a work CDR (GAO 2011), and an additional 194 days to complete (SSA 2021b).[5] SSA has initiated several efforts to more promptly identify unreported earnings; if effective, these efforts may have condensed this timeline.

Under POD, there was no work CDR because of rule changes such as the elimination of the TWP and grace period, allowing for faster processing relative to current law. For most POD cases, SSA could immediately apply reported earnings to adjust benefits through an automated system. Overpayments were either identified in the same year when someone submitted an earnings report late for an earlier month or in the next year during the annual end-of-year reconciliation (EOYR) process scheduled in August to reconcile any differences between reported and actual earnings. Most earnings report processing was automated, which allowed SSA to identify an overpayment as soon as it received earnings information. Promptly identifying overpayments can reduce periods during which benefits are incorrectly paid and overpayments accrue.

Because of the different processes for identifying overpayments, the available data likely underestimate overpayments to control group members (who are subject to current law). SSA identified all work-related overpayment for POD treatment group members through EOYR, which was completed before this brief. There is no set deadline, however, for SSA to have completed work CDRs for beneficiaries subject to current law. Hence, SSA will likely continue to identify overpayments for the control group after the date we extracted data for this report (June 2021).[6] For this reason, we provide information on the prevalence of overpayments for the POD control group and apply information from BOND to predict the extent to which the overpayment rate might ultimately increase for the POD control group. Although BOND and POD have important policy differences and occurred in different time periods, the BOND control group provides a useful benchmark of the true prevalence of overpayments among the POD control group.

In sum, differences in rules governing work activity and processes through which SSA identifies overpayments could contribute to differing overpayment experiences under POD relative to BOND and to current rules. See Appendix Exhibit A.1 for a comparison of current, POD, and BOND rules, and implications for overpayment.

[5] Historically, SSA received annual earnings information from the Internal Revenue Service in June of the following year. In 2014, SSA piloted the use of quarterly earnings data from the Office of Child Support and Enforcement to identify unreported earnings (GAO 2016). In 2017, SSA expanded the use of quarterly earnings data, in combination with annual earnings data from the Internal Revenue Service (SSA 2018). Recent SSA reports suggest an increasing use of quarterly earnings data (SSA 2020a).

[6] The June 2021 data allow for a period ranging from one year and six months to two years and five months for SSA to identify overpayments for POD control subjects in 2019. A previous study found that, among overpayments SSA identified within five years, almost all were identified in or after three years and six months (Hoffman et al. 2020).

C. Prevalence and size of overpayments experienced by POD treatment and control group members

In this section, we present statistics on overpayments to POD treatment and control group members in 2019. We begin by describing the prevalence of overpayments among all treatment and control group members and then focus on the subset of beneficiaries whose earnings made them eligible for a benefit reduction. Finally, we examine the size of overpayments among treatment and control group members who were overpaid. We focus on POD overpayments in 2019 to capture the most recent full calendar year of exposure to the POD rules for which complete data for treatment subjects were available.

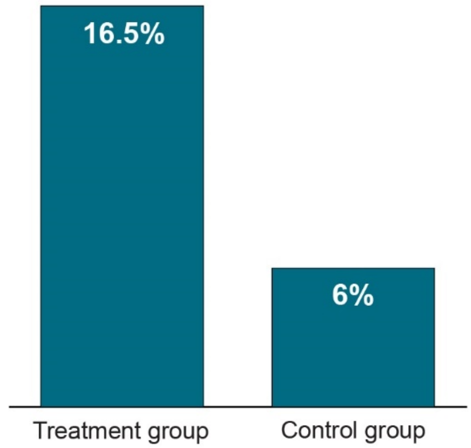
POD treatment group members had more frequent overpayments than control group members

The rate of overpayments was higher in the POD treatment group than in the control group (Exhibit 1). About 17 percent of POD treatment group members experienced an overpayment in 2019. By comparison, 6 percent of control group members had experienced an overpayment identified in or before June 2021. The larger prevalence of overpayments under POD partially reflects that, for a given population, a larger share of beneficiaries is subject to an earnings-related benefit reduction because of the lower earnings threshold under POD relative to current rules.[7]

The difference in prevalence between the POD treatment and control groups is likely an upper bound because complete information on overpayments for the POD control group is not yet available. When additional information for the control group becomes available, however, we anticipate that the prevalence of treatment group overpayments would be double that of the control group. We make this projection based on the rate of identification of overpayments under current law and in BOND. In particular, a previous study found that SSA stopped identifying new overpayments after three years and six months (Hoffman et al. 2020). We applied this roughly three-year time-period to examine overpayments in BOND and found that overpayments for control group members increased by roughly 20 percent from Year 1 to Year 3. If we assume that the prevalence of overpayments in the control group increased by 20 percent, the control group overpayment rate would remain below 8 percent.

[7] We examined whether differences existed in annual employment between the treatment and control groups. We did not find any differences that would explain the difference in overpayments.

Exhibit 1. Prevalence of overpayments among treatment and control group members in 2019



Source: Authors' calculations based on February to December 2018 and May 2020 Disabled Beneficiary and Dependent extracts from the Master Beneficiary Record and programmatic data provided by Abt.

Note: This exhibit shows the percentage of all treatment and control group members with at least one month of overpayment in 2019. The sample size was 6,700 treatment group members and 3,370 control group members.

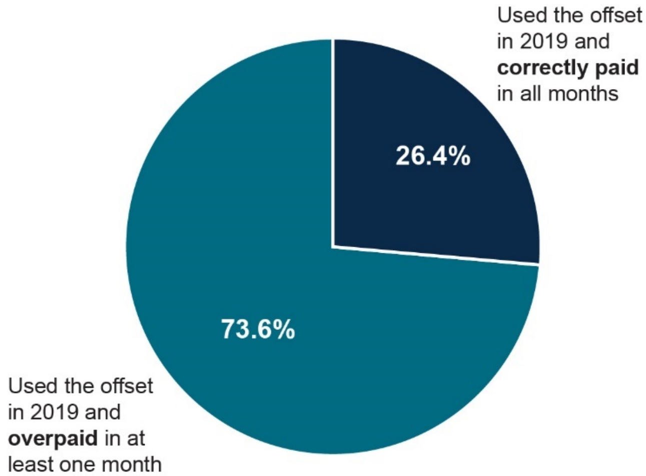
About three-quarters of POD offset users had work-related overpayments

To assess how the offset was applied, we examined the prevalence of overpayments among treatment group members who had a benefit offset (Exhibit 2). Specifically, POD treatment group members who earned above the POD threshold were subject to an offset. An overpayment would occur when those earnings were not reported accurately or on time or when SSA or POD staff were delayed in processing the earnings information.

Among POD treatment group members whose earnings exceeded the POD threshold for at least one month in 2019, 74 percent had an overpayment. Overpayments were persistent over time; offset users were overpaid in about half (46 percent) of offset months.

Offset users did not consistently report their earnings; this reporting failure was a likely cause of many overpayments for POD treatment group members. Based on qualitative reports from POD counselors and beneficiaries, timely reporting of earnings was challenging for beneficiaries and took time to learn. Only 11 percent of offset users consistently submitted their earnings reports on time. During in-depth interviews, many respondents attributed the overpayment to their late or incomplete earnings reporting.

Exhibit 2. Prevalence of overpayments among offset users in 2019



Source: Authors' calculations based on June 2021 Disabled Beneficiary and Dependent extracts from the Master Beneficiary Record.

Note: The sample size was 1,505 treatment group members who used the offset in 2019.

Overpayment experiences differed between the treatment and control groups

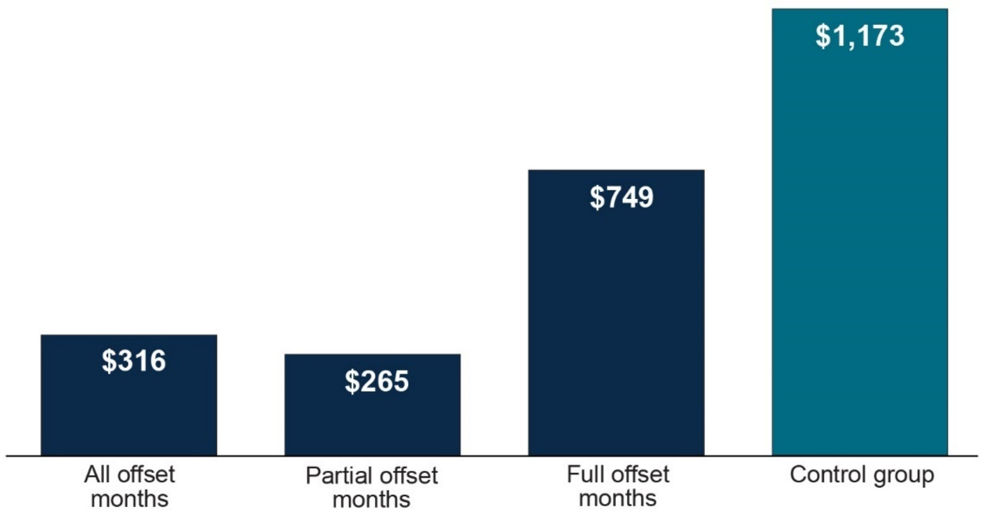
We examined the size of overpayments among treatment and control group members who experienced overpayments (Exhibit 3). Because these groups are of different size and composition[8], direct comparisons do not represent impacts. They do, however, provide insights into how beneficiaries in the control and treatment groups experienced overpayments. The average monthly overpayment amount among treatment group members who were overpaid was $316. This amount was, by definition, lower for partial offset months ($265) and higher for full offset months ($749). A partial offset month is a month in which the monthly benefit amount is between $1 and the full benefit amount, and a full offset month is a month in which the monthly benefit amount is $0. The overall average is closer to the average among partial offset months because 90 percent of all overpayment months were partial offset months. Across all offset users who were overpaid in 2019, the average total overpayment amount was $1,415 for the year. Each offset user with overpayments experienced about 4.5 months of overpayments on average.

The average overpayment amount was large for the smaller set of control group members who experienced an overpayment. The average monthly overpayment for this group was $1,173 (Exhibit 3). This large overpayment amount relative to the treatment group estimates above ($316) reflects that control group members with overpayments often lose entitlement to their full benefit amounts. In contrast, POD's $1 for $2 benefit offset allows beneficiaries to keep partial benefits. POD control group members with overpayments also experienced a longer average duration of overpayments: 6.7 months (relative to 4.5 months among treatment group members

[8] As we noted, the prevalence of overpayments among treatment group members is more than twice that of control group members.

who had overpayment noted above).[9] The caveat to these findings is that, as noted, some treatment group members were overpaid under POD who would not have been overpaid under current law.

Exhibit 3. Overpayment amounts among treatment and control group members who were overpaid in 2019



Source: Authors' calculations based on June 2021 Disabled Beneficiary and Dependent extracts from the Master Beneficiary Record.

Note: Average overpaid amounts were calculated among beneficiaries who were overpaid (1,107 treatment group members and 203 control group members). The dark blue bars represent treatment group members and the green bar represents control group members.

D. Beneficiaries' perspectives on overpayments

We obtained in-depth perspectives from beneficiaries on their experiences with overpayments in qualitative interviews. During the effort, we interviewed 38 treatment group members during the latter half of POD implementation (in 2021) who had specific experiences with the benefit offset at some point during the demonstration.[10] Respondents represent a small, nonrandom sample of POD treatment group members, and the themes that follow might not generalize to all treatment group members.

Respondents did not anticipate overpayments

Nearly all overpaid respondents did not expect the overpayment (35 of 36 who responded). Most learned of an overpayment through a letter or notice from SSA. Others learned about an overpayment in different ways: their POD

> "They're saying yes [I was overpaid], but I don't understand… I received a letter from [SSA] at the beginning of the year.'"
> – Full offset user

[9] As another point of comparison, the average duration of overpayment for beneficiaries subject to current SSDI rules was 9.4 months between 2010 to 2012 (Hoffman et al. 2019). This reinforces the finding that POD treatment group members had a relatively short duration of overpayments.

[10] These POD treatment group members were a subset of all interviewed beneficiaries.

counselor contacted them, they received an unexpected benefit amount, their representative payee told them, or they saw information about it in their My Social Security account.[11] Despite receiving a notification, most respondents still struggled to understand the specific reason for the overpayment.

Most respondents reacted negatively to receiving an overpayment. For example, they described experiencing negative sentiments (frustration, concern, nervousness, anger, or discouragement) or did not like owing money. These reactions were not unique to POD; beneficiaries expressed similar feelings of frustration in response to overpayments that occurred under current rules or under BOND. In a separate study of 84 SSDI beneficiaries who experienced an overpayment under current rules, some said they felt extremely frustrated. They felt that "they had reported that they were working to Social Security, complied with all reporting requirements, received inaccurate information from the local field office or toll-free number and that they couldn't trust Social Security to pay them accurately" (Kregel 2018). Similarly, under BOND Stage 1 and 2, field staff reported that beneficiaries expressed feeling fear, anger, and frustration in response to overpayments, with some beneficiaries viewing overpayments as a negative feature of BOND (Gubits et al. 2013; Hoffman et al. 2017).

Respondents cited support from their POD counselors as key to addressing overpayments

The POD implementation team put administrative supports in place to apply POD rules and offered benefits counseling services for treatment group members to ensure they understood POD requirements. POD counselors told beneficiaries how POD specifically affected their benefits and supported their submission of timely and accurate monthly earnings reports.[12]

> "[The counselor] was … instrumental because she was… knowledgeable about everything going on [with the overpayment].… Without [my counselor], I probably would have stopped working. And it just discouraged me a lot when all of this went on."
>
> – Partial offset user

Most respondents reached out to their POD counselor after they received the notice of an overpayment.[13] Respondents who contacted their counselors about the overpayment described receiving a wide range of support. POD counselors explained the overpayment notice from SSA, encouraged beneficiaries to contact SSA, and tried to help identify the reason for the overpayment. For example, some POD counselors helped beneficiaries identify the month they reported earnings late or whether the overpayment could be an administrative error. POD counselors also explained the relevant options for responding to an overpayment, including applying for a waiver and setting up a repayment plan or submitting missing information and requesting a reconsideration.

[11] The My Social Security account is available at https://www.ssa.gov/myaccount/ (accessed September 9, 2021).

[12] Benefits counseling services are also available to current law beneficiaries (including control group members); beneficiaries must proactively contact counselors to request services.

[13] Among all POD offset users, those who were overpaid had more counseling service use relative to offset users who were not overpaid (24 days of counseling versus 19 days of counseling). Because we don't have information on when beneficiaries were notified of an overpayment, we cannot determine whether counseling occurred before or after an overpayment for the larger sample.

Finally, POD counselors said they proactively reached out to treatment group members to support timely earnings reporting. In some cases, POD counselors informed POD treatment group members about a possible overpayment ahead of time.

Many respondents repaid the overpayment in full

While treatment group members could request a reconsideration of the overpayment, many respondents said they repaid the overpayment in full without setting up a repayment plan.[14] Respondents who repaid in full said they wrote a check to SSA or took no action with the expectation SSA would recoup the overpayment from their benefit check. Most treatment group members who repaid the overpayment in full had an overpayment of less than $500.

Respondents expressed interest in continuing to work despite some POD overpayments

Despite initial negative reactions, most respondents said the overpayment did not affect their views about working. They explained that the overpayment was small, their earnings were high enough they could accommodate it, or they had to continue working regardless of an overpayment because their benefit check was not large enough to live on. However, the overpayment did affect a few respondents' views about working, and some described reducing their work hours in response. These themes are consistent with the quantitative finding that POD treatment group members tended to have small overpayments.

> "It didn't, really [affect my views about working]. It was just an overpayment…and it's bound to happen. There's clerical errors all the time. So it didn't affect me very much. It's pretty normal."
> – Partial offset user

E. SSA experiences with the POD offset

SSA had to adapt its systems to create the benefit offset. In doing so, SSA created an automated system to process the offset and internal checks to ensure the offset was applied correctly. SSA used this automated data system to adjust SSDI benefits based on submitted monthly earnings reports. The automated system calculated the offset amount, retrieved information from SSA files, and determined whether the case could be processed automatically. If so, the automated system adjusted the benefit payment. If the case could not be processed automatically, then SSA staff worked the case manually and updated the system with the offset determination.

SSA also used the POD automated system to run an annual EOYR process to determine the SSDI benefits that should have been paid to each POD treatment group member during the previous calendar year. This check captured any earnings that were not submitted during the year as well as incorrect earnings reports. In this section, we describe the experiences of SSA staff who processed earnings records and applied benefit adjustments. We also present statistics related to earnings reporting rates and processing times.

[14] Beneficiaries who disagree that they were overpaid and have additional documentation to support their claim can request a reconsideration appealing the action within 60 days of receiving the overpayment notice.

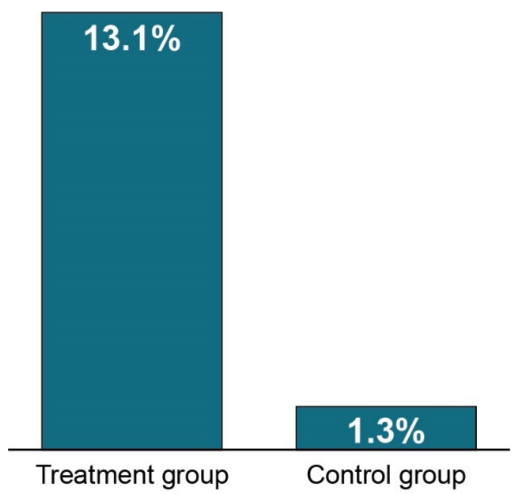
Monthly earnings reporting was higher under POD relative to current rules

The monthly rate of earnings reporting was substantially higher among POD treatment group members compared with earnings reporting for the control group under current rules (Exhibit 4). This lower rate in the control group could reflect different expectations for earnings reporting among control group members.[15] The earnings reporting requirement was also relevant to more people in the POD treatment group because the threshold for reporting earnings and receiving adjusted benefits was lower.

> "In POD, as soon as they submit those earnings, it's applied, and in a lot of cases, it made the EOYR redundant because [the EOYR process] was finding the same earnings that were reported on a month-to-month basis. So, I would say it's the monthly reporting that's the really… big success here."
>
> – SSA staff

SSA staff noted that the higher rate of monthly earnings submissions under POD enabled SSA to manage workflow better relative to current rules and avoid a significant backlog of earnings records to process. SSA staff also noted that they processed a large volume of earnings information during the year, which made the EOYR process redundant for many records (that is, the EOYR identified earnings that had already been reported and processed).

Exhibit 4. Monthly rate of earnings reporting among treatment and control group members in 2019



Source: Abt Associates' Implementation Data System for POD earnings reporting for treatment group members; SSA data from the Disability Control File representing self-reported earnings for control group members.

Note: The sample size was 6,700 treatment group members and 3,370 control group members.

Most earnings records were processed efficiently using the POD automated system

We examined how SSA processed earnings after they came from the POD implementation team. When the POD automated system received an earnings report, it calculated the offset amount, retrieved information from SSA program records, and determined whether the case could be processed automatically. In designing the system, SSA anticipated scenarios it would

[15] Under current law, SSA instructs SSDI beneficiaries—including control group members—to report their earnings when they start or stop work or when they experience a change in their work or earnings (SSA 2021c).

need to handle, which minimized the number of cases that staff had to process manually and streamlined the manual work for cases that had to be processed manually.

Based on data provided by SSA, 93 percent of monthly earnings reports were processed using the POD automated system. Automated processing allowed SSA to quickly adjust benefits based on newly submitted earnings information (for earnings reports submitted on time or submitted late for previous months). The monthly rate of automatic processing ranged from 82 to 100 percent. For the cases that the POD automated system could not process automatically, the time to manually process the earnings information delayed the benefit adjustment by about one month, according to SSA staff.[16] This longer processing time could lead to an overpayment or underpayment.

SSA designed the POD automated system to adjust benefits under POD rules. An automated system to process earnings under current law rules would be more complex, mirroring the additional complexity in current law rules. A current law automated system would require additional development to account for trial work period and grace period months, among other nuances in current law rules – or modification of current law rules to allow for automation.

Identification of overpayments related to unreported earnings takes less than two years under POD

It may take SSA a prolonged period of time to identify overpayments for some beneficiaries in the control group that are subject to current law. As noted, the timeline for SSA to identify overpayments under current law has been roughly 16 to 31 months on average, according to the most recent information available (GAO 2011). SSA may have identified overpayments more quickly during the evaluation period if their recent efforts to access more timely information on unreported earnings were effective; however, detailed information is not available. Under POD, SSA identified many overpayments for treatment group members through the EOYR, which occurred in August of the following year. This created an average range of 8 to 20 months over which an overpayment for treatment group members could accrue undetected. The POD automated system appears to have led to more accurate payments. It reduced the number of reconsiderations of overpayments; nearly five times as many overpaid control subjects submitted reconsideration requests for overpayments as did treatment subjects.

Identifying overpayments more quickly under POD rules has several potential advantages to the agency and beneficiaries. First, overpayment amounts do not have a chance to accrue over time, likely leading to smaller overpayments. Smaller overpayments might be easier for beneficiaries to repay. In addition, identifying overpayments earlier allows SSA to issue accurate benefit payments and allows beneficiaries to adjust their earnings reporting behavior at an earlier stage to avoid future overpayments. Under the necessary current law process, however, there are notably higher costs to monitoring earnings and identifying overpayments quickly.

[16] The POD automated system could not process earnings reports if (1) the beneficiary was dually entitled (for example, as a disabled adult child or disabled widow beneficiary—dually entitled beneficiaries were not eligible to enroll in POD, but could have become dually entitled after enrollment), (2) another action was processed manually the same day, or (3) the beneficiary's benefits were suspended for reasons unrelated to work, such as an incorrect address or failure to cooperate with a request for information.

F. Conclusion

Many POD offset users experienced an overpayment despite the simplification of earnings rules and the proactive support from POD benefits counselors to encourage earnings reporting. Although overpayments were more prevalent, they were smaller under POD than under current rules.

Access to POD benefits counseling appeared to offer an important support for those who experienced overpayments, with many of the treatment group members we interviewed citing their counselor's help as instrumental in resolving overpayments. POD counselors explained the overpayment notice from SSA, tried to help identify the reason for the overpayment, encouraged treatment group members to contact SSA, explained options for responding to the overpayment, and occasionally preemptively warned beneficiaries of possible overpayments.

Overpayments did not appear to affect most beneficiaries' attitudes toward work among the treatment group members we interviewed, potentially because overpayments were small among those interviewed. These respondents explained that their earnings were high enough that they could accommodate the overpayment or they had to continue working regardless of an overpayment because their benefit check was not large enough to live on. Many respondents repaid the overpayment in full.

POD rules and processing systems enabled SSA to process earnings quickly and avoid significant backlogs, and they eliminated the need for work CDRs, which are resource intensive. A discussion of the benefits of monthly earnings reports should, however, take into account the SSA investments (such as POD counselors, earnings support and SSA staff, and related earnings reporting infrastructure) required to educate beneficiaries and support timely and accurate monthly earnings submission. Overall, the findings underscore the general challenges of trying to adjust benefits in a timely manner under any program rules that tie benefits to earnings. Under any set of rules governing how earnings effect benefits, it is important to consider the infrastructure for implementation. Generally, simpler rules may allow for more automated processes, which may lead to smoother and more timely benefit adjustments and reduce burden on SSA staff.

In sum, the differences in experiences with overpayments illustrate a tradeoff in offset policies for beneficiaries and administrators. On the one hand, an offset requires more precise earnings information to generate benefit adjustments, meaning that incorrect earnings reports are more likely to lead to overpayments. The evidence above indicates this adjustment process and related overpayments are a substantive issue for most treatment group members. On the other hand, the size of the overpayment is smaller for those in the treatment group and potentially more manageable compared to what is typically experienced under current law.

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APPENDIX

Exhibit A.1. Comparison of current, POD, and BOND rules

	Current SSDI program rules	BOND	POD
Time period	NA	March 2011 to September 2022	January 2018 to June 2021
After completion of TWP and grace period, if applicable	If a beneficiary earns more than the SGA amount after completing the TWP and the grace period, benefits are reduced to $0.	BOND reduces benefits by $1 for each $2 earned above the SGA amount (after TWP and grace period).	POD reduces benefits by $1 for every $2 earned above the POD threshold, which is set at the current SSDI TWP threshold.
TWP	Beneficiaries earning above a certain threshold enter a TWP. During the TWP, beneficiary earnings do not result in any reductions in benefits. The TWP ends when a beneficiary earns more than the TWP threshold for 9 months within a 60-month rolling window.	BOND keeps the TWP, though beneficiaries must complete the TWP by September 2017 to establish a BOND participation period and eventually be able to use the BOND offset after completing the grace period.	POD eliminates the TWP.
Grace period	The grace period is a three-month period in which beneficiaries receive a full SSDI benefit payment regardless of the level of earnings. The grace period is triggered the first month after the TWP in which a beneficiary earns above the SGA amount. It applies to that month and the following two months.	BOND keeps the grace period.	POD eliminates the grace period.
Earnings accounting frequency	Monthly	Annual	Monthly
Overpayments	Overpayments might occur if the TWP and grace period have ended and a beneficiary earns above SGA.	Overpayments might occur if the TWP and grace period have ended and a beneficiary earns above the BOND threshold.	Overpayments might occur if the beneficiary earns above the POD threshold.

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