

How Do Work-Related Overpayments Affect the Earnings of SSDI Beneficiaries?

Denise Hoffman, Priyanka Anand, John Jones

**Presented at the 2018 Disability Research Consortium Meeting
Washington, DC**

August 1, 2018



An Exaggerated Summary of Our Research

Motivation and Question

- **SSA: We want beneficiaries of Social Security Disability Insurance (SSDI) to work!**
- **SSA to a beneficiary: We see you worked! But... because you worked, you shouldn't have been paid several SSDI checks. You owe us \$9,000.**
- **Beneficiary: _____**

Employment Among SSDI Beneficiaries Is Desirable but Rare

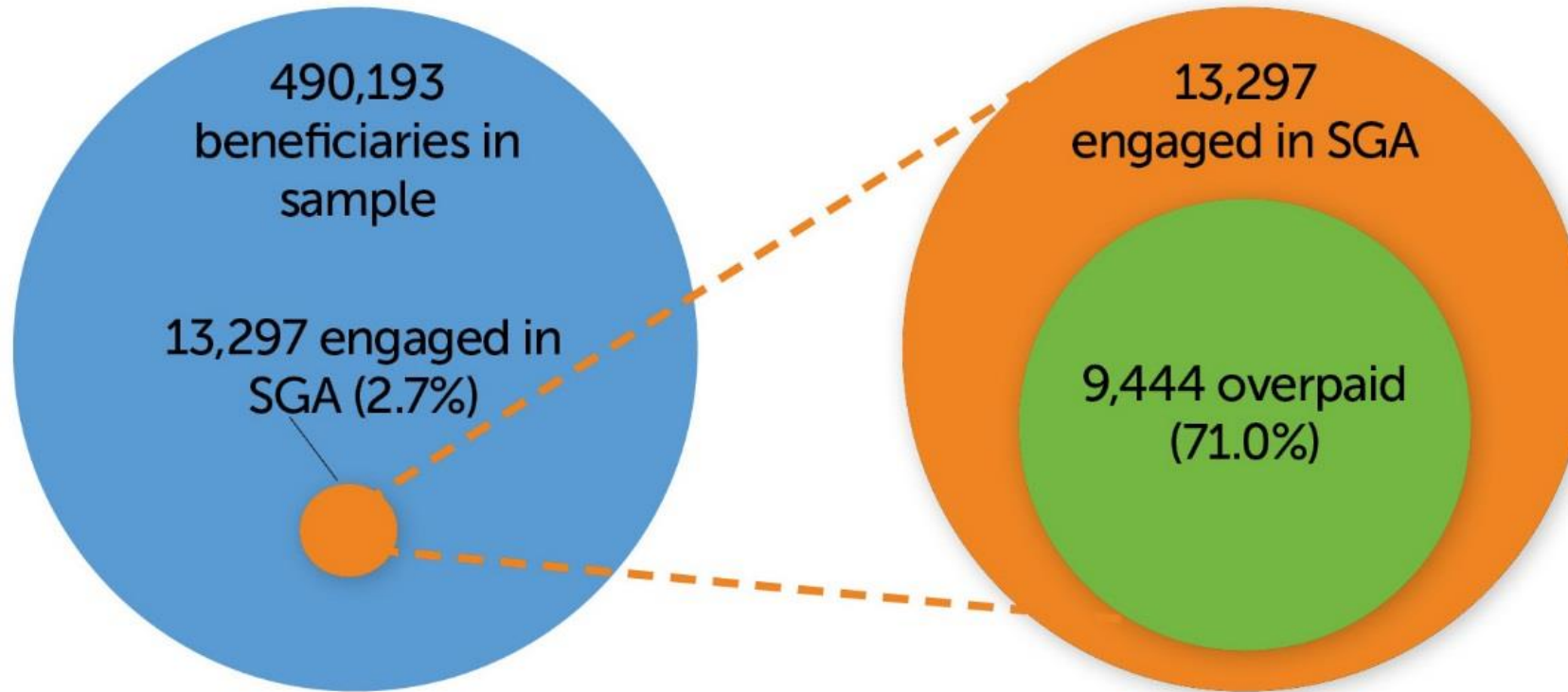
- **Employment may have benefits for SSDI beneficiaries and the SSDI trust fund**
- **Some beneficiaries work, but few engage in substantial gainful activity (SGA)**

Source: Liu and Stapleton 2011.

A More Formal Definition of “Overpayment”

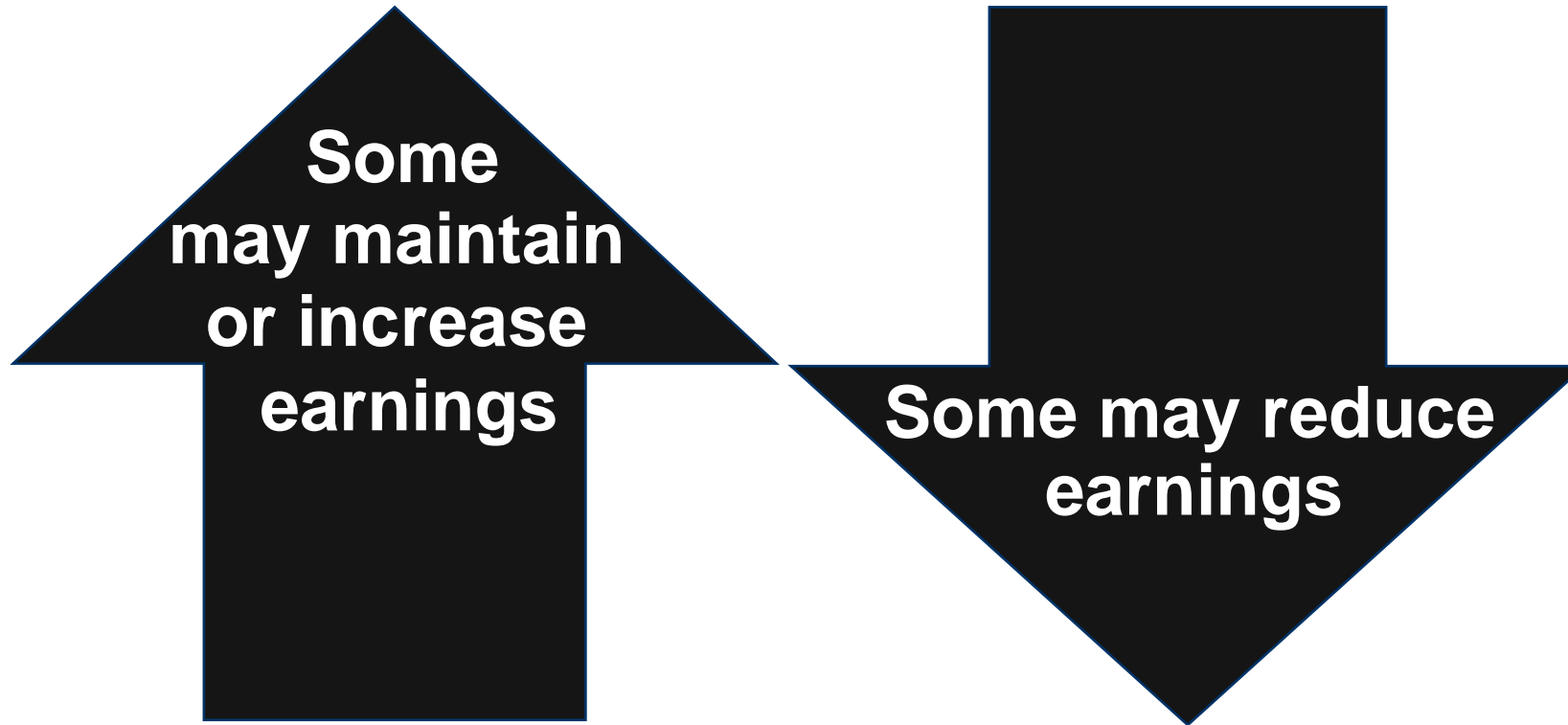
- **SSDI eligibility requires an inability to engage in SGA (\$1,070/month in 2014, nonblind)**
- **After a beneficiary engages in SGA for 12 months at most, SSA suspends or terminates benefits**
- **If SSA does not adjust benefits in a timely way, the beneficiary is overpaid**
 - **Often caused by delays in beneficiary reporting or SSA delays in processing information**
 - **The beneficiary must repay the debt**

Overpayments Are Prevalent Among SSDI Beneficiaries Who Engage in SGA



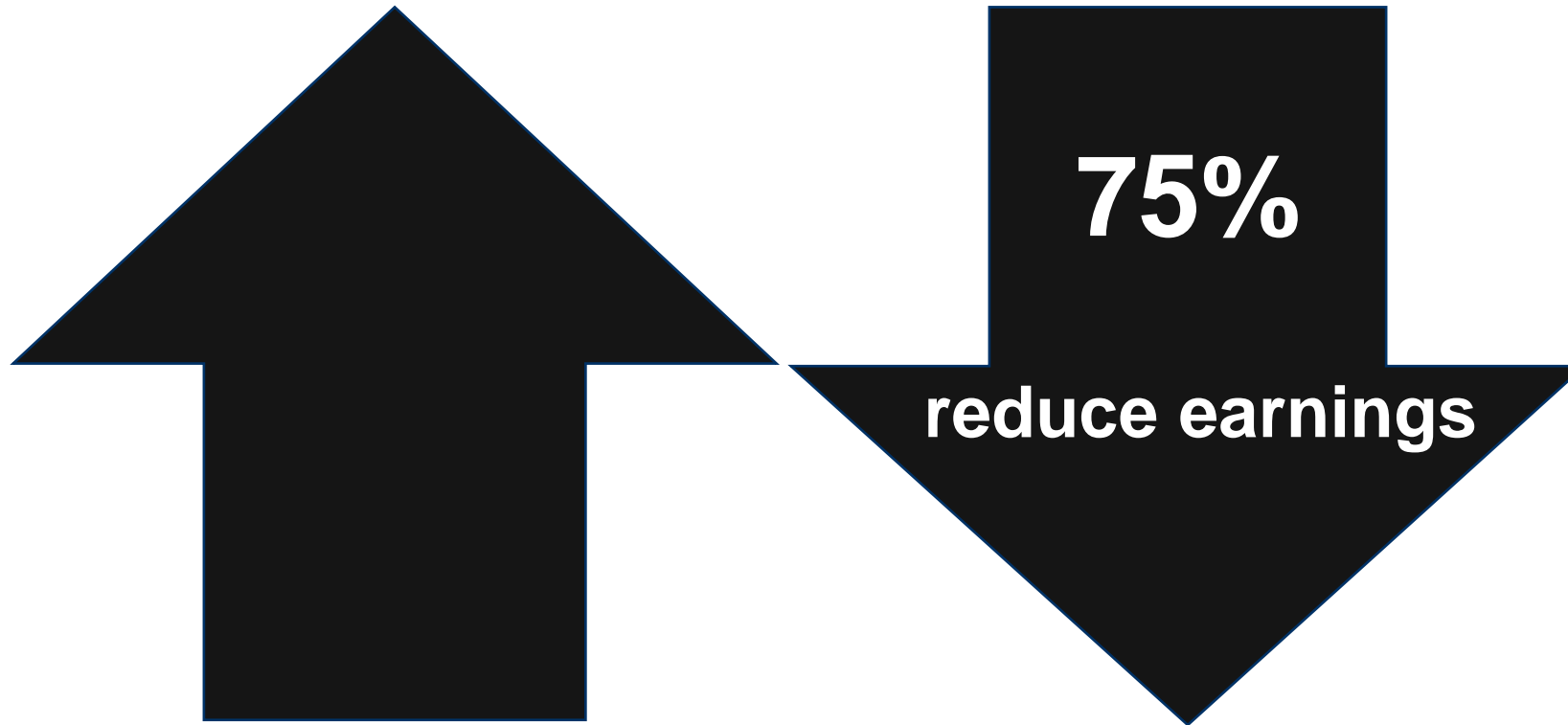
Source: Hoffman et al. 2018.

There Is No Consensus on How Overpayments Affect Beneficiaries' Earnings



Sources: Derr et al. 2015; O'Day et al. 2016; Hoffman et al. 2018; Kregel et al. 2018.

There Is No Consensus on How Overpayments Affect Beneficiaries' Earnings



Sources: Derr et al. 2015; O'Day et al. 2016; Hoffman et al. 2018; Kregel et al. 2018.

Overview of Empirical Analysis

What is the impact of a work-related overpayment on beneficiary earnings?

- Analysis of within-person changes before and after overpayment notification
- 13-month analysis window: 6 months before and after overpayment notification

Data Sources

- **Recovery of Overpayments, Accounting, and Reporting (ROAR)**
 - Work-related overpayment identified between 2007 and 2014
- **2016 Disability Analysis File (DAF)**
 - Beneficiary- and program-related characteristics, SGA engagement

Sample Restrictions

- **The timing of the overpayment notification is unexpected by the beneficiary**
 - SSA discovered unreported earnings
 - It is the first overpayment for the beneficiary
- **Overpayment is for a primary beneficiary living in the U.S.**
- **No missing data on SGA status in 13-month analysis window**

Outcome: Engagement in SGA

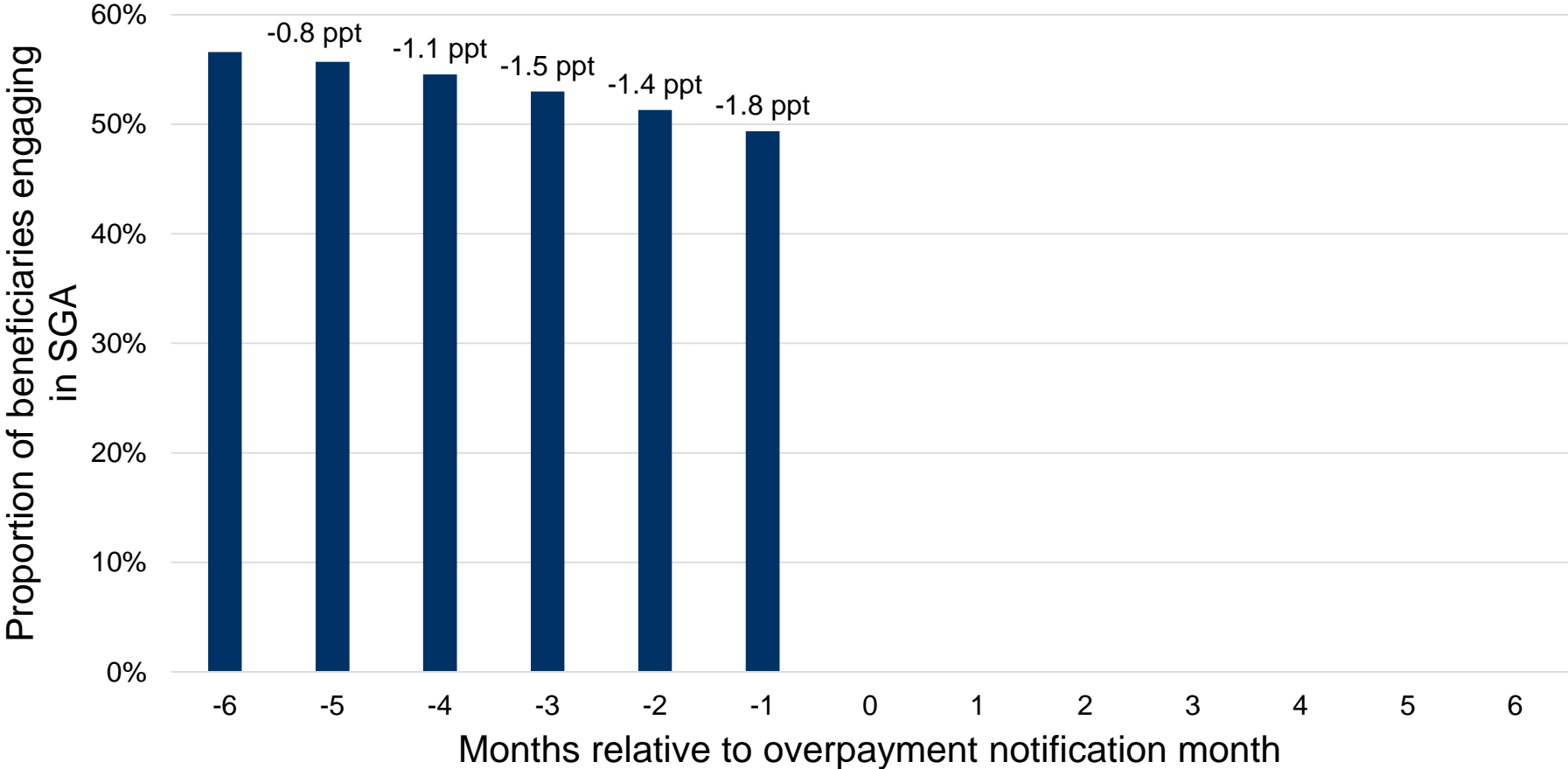
- **Constructed measure based on two DAF variables**
 - **Indicator for countable earnings at or above SGA**
 - **Indicator for benefit suspense because of SGA-level employment**

Beneficiaries May Reduce Earnings in Response to Other SSA Mailings

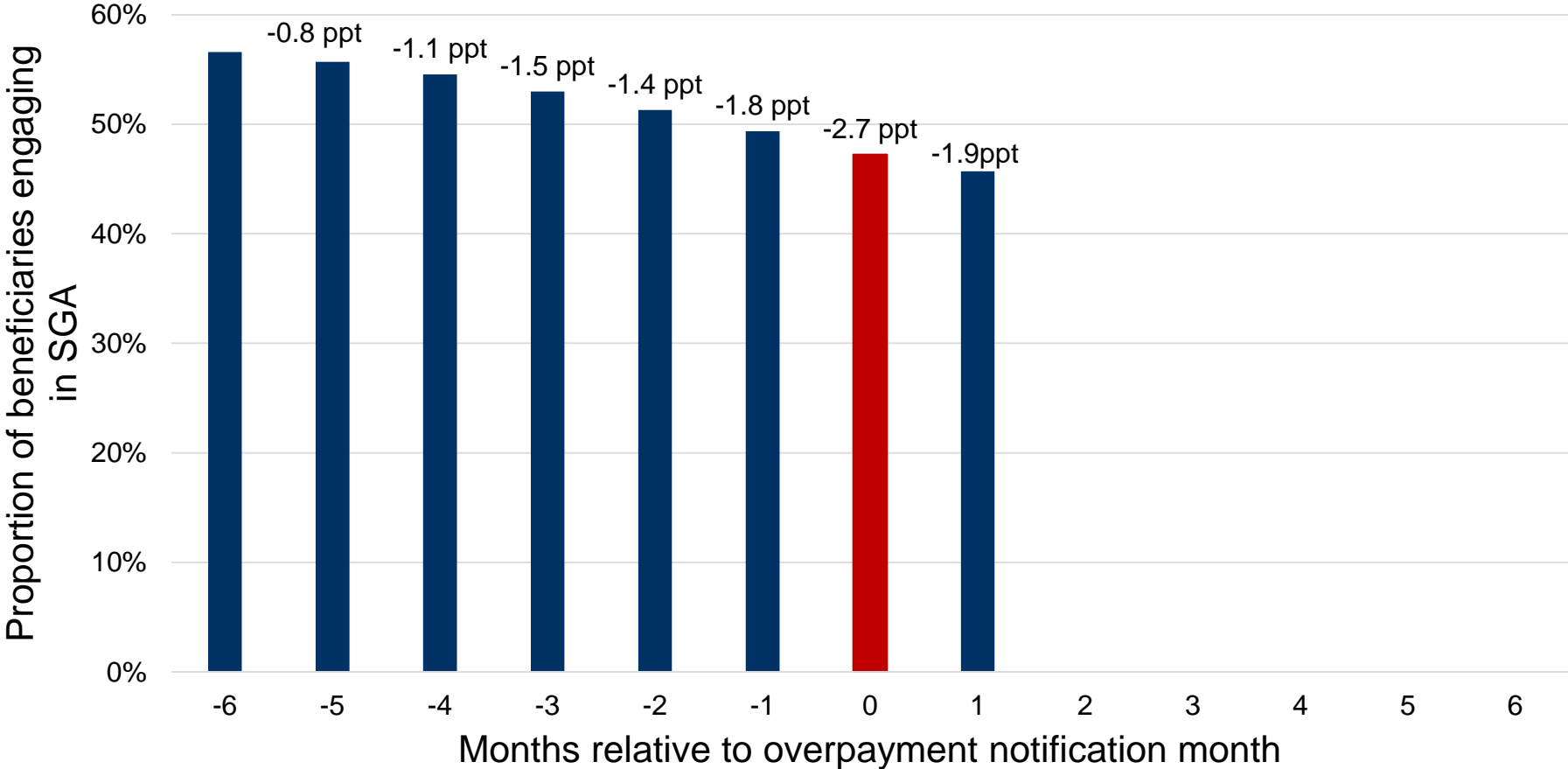
- **About one year before the overpayment notice: Request for detailed information on earnings**
- **About four to six weeks before the overpayment notice: Final opportunity for the beneficiary to submit information that may affect SGA determination**
- **About two weeks before the overpayment notice: SSA determined that benefits ceased because of engagement in SGA**

Sources: SSA 2016; conversation with former SSA field office employee.

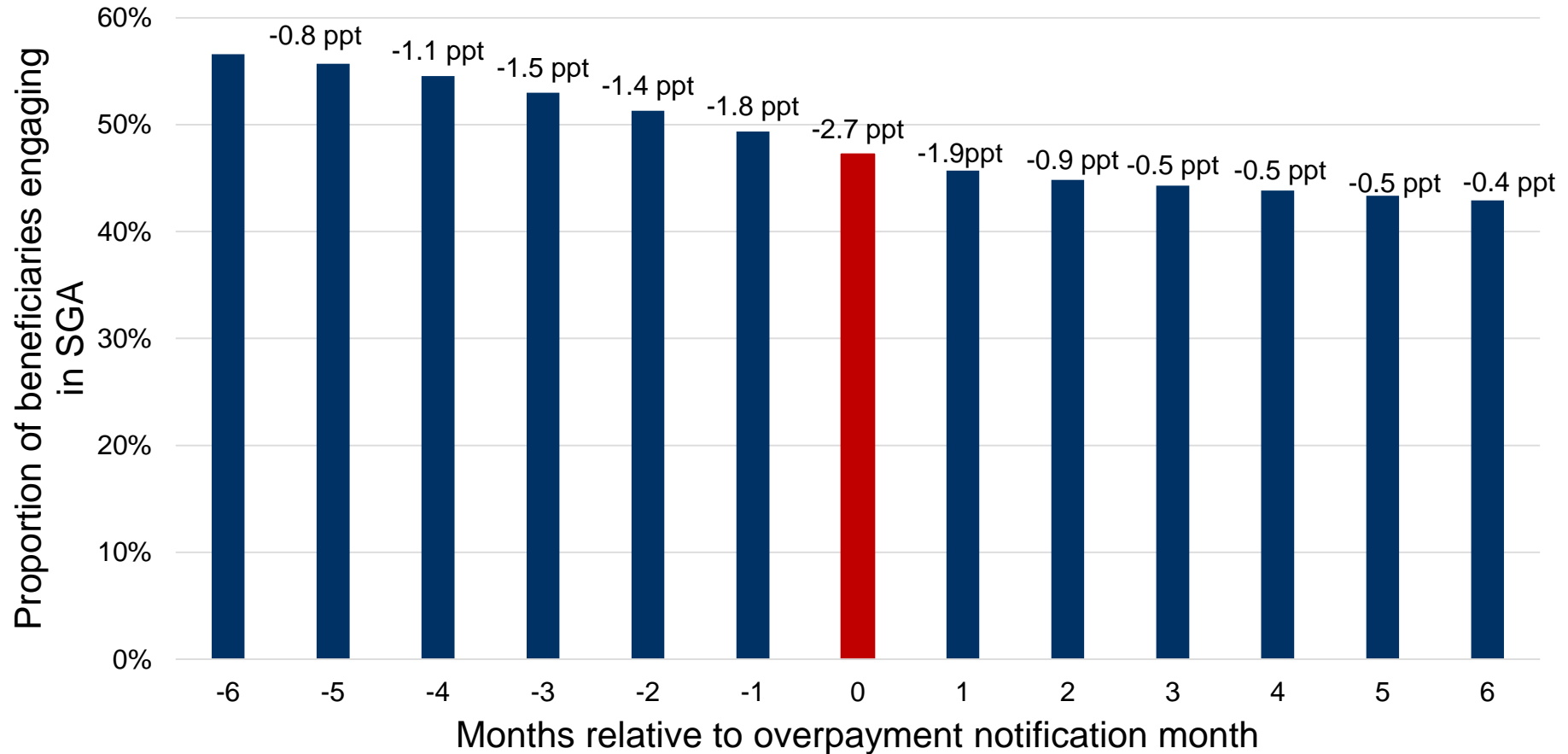
The Proportion Engaging in SGA Is Associated with Overpayment Notification



The Proportion Engaging in SGA Is Associated with Overpayment Notification



The Proportion Engaging in SGA Is Associated with Overpayment Notification



Related Next Steps

- **Estimate a regression equation where the coefficients of interest are indicators for the six postnotification months**
 - Control for pre-period trends
 - Explore a new data source to see if we can control for previous SSA notifications
- **Understand who we dropped because of missing SGA data**
- **Test changes to the duration of the analysis window**

Additional Analysis

- **Compare results for beneficiaries who reported their earnings**
- **Estimate the extent to which beneficiary response varies by the overpayment amount**

Policy Importance

- **If overpayments negatively affect beneficiary earnings, this will add to SSA's impetus to develop policies that curtail overpayments**
- **Regardless, preventing overpayments is important for program integrity and beneficiary well-being**

Contact Information

**Denise Hoffman
Center for Studying Disability Policy
Mathematica Policy Research
1100 1st Street, NE, 12th Floor
Washington, DC 20002
(202) 554-7517**

dhoffman@mathematica-mpr.com

<http://www.DisabilityPolicyResearch.org>