

## **The Reducing Overlapping Payments Act (Coburn, Flake, Manchin, King)**

The *Reducing Overlapping Payments Act* helps protect the Social Security Disability Insurance and Unemployment Insurance programs by reducing overlapping benefits.

### **What does this bill do?**

- Requires the Social Security Administration (SSA) to temporarily suspend Disability Insurance (DI) benefits during any month in which a beneficiary also receives Unemployment Insurance (UI) benefits.
- Allows SSA to enter into agreements with States and agencies that administer unemployment compensation to ensure SSA has the information necessary to identify overlapping DI and UI payments.

### **The DI and UI programs were designed to serve separate populations.**

- The DI program was designed as a safety net of last resort for disabled Americans who *cannot* work. On the other hand, the UI program was designed as a safety net for unemployed Americans who are *actively seeking* work.
- Nonetheless, inconsistent eligibility requirements allow individuals to be simultaneously classified as both “able and available for work” under the UI program and “disabled” under the DI program.

### **Overlapping payments exacerbate the financial challenges these programs face.**

- The DI and UI trust funds “face serious fiscal sustainability challenges,” according to the Government Accountability Office (GAO). In fact, the Social Security Trustees predict the DI trust fund will be completely exhausted by 2016.
- Yet, in fiscal year (FY) 2010, 117,000 individuals received overlapping DI and UI benefits totaling more than \$850 million, according to GAO.
- For example, “One individual GAO selected for further investigation received over \$62,000 in overlapping benefits in a [single] year.”<sup>1</sup>
- These overlapping payments cost the DI program over \$281 million and the UI program more than \$575 million that year.

### **Absent new legislation, SSA cannot address these overlapping payments.**

- Although SSA is required to reduce DI benefits for individuals receiving certain other government benefits (such as workers’ compensation), “no federal law authorizes an automatic reduction or elimination of overlapping DI and UI benefits,” according to GAO.
- President Obama proposed closing this “loophole” in his FY 2014 budget and described it as a “critical step to save money.”
- Giving SSA the authority to identify and reduce overlapping benefits would save taxpayers hundreds of millions of dollars each year and help ensure the DI and UI programs can continue to serve those who rely on them.

### **Does this bill affect retirees? What protections are in place for affected DI beneficiaries?**

- The *Reducing Overlapping Payments Act* does not affect OASI beneficiaries or DI dependent beneficiaries’ ability to receive UI benefits. In fact, the language in the bill is taken directly from existing provisions in the Social Security Act related to overlapping DI and workers’ compensation benefits.
- DI beneficiaries who receive overlapping DI and UI benefits in a given month will merely have their DI benefits suspended for that month. Their eligibility for the DI program is not affected.
- SSA is required to provide written notice and the opportunity for a hearing before an Administration Law Judge (ALJ) to any DI beneficiary whose benefits are suspended under this legislation.

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<sup>1</sup> Government Accountability Office, “Overlapping Disability and Unemployment Benefits Should be Evaluated for Potential Savings,” July 31, 2012, <http://www.gao.gov/products/GAO-12-764>.