GUBMENT POLICY WHITEPAPER NO. 12 · SERIES GBMT-12 · FILED 2026-08-11

Disability: is the fraud number even fraud?

A feasibility assessment of SSDI and SSI — the improper-payment figure everyone calls fraud, the hearing backlog that is still above SSA's own goal, the work cliff that Ticket and BOND barely move, and a twice-checked scorecard that puts ALJ quality controls and Medicaid buy-in at the top.

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ABSTRACT

This inquiry's first kill condition fired: the integrity figure that dominates disability discourse is an **improper-payment** rate from SSA stewardship reviews of non-medical eligibility — not an intentional-fraud series. FY2023 SSI improper payments were **10.62%** of outlays (~$6.5B); OASDI combined was ~**0.30%** (~$4.1B). Leading causes are financial accounts, wages, and in-kind support — reporting and complexity, not a published fraud breakout at those magnitudes. A high-circulation **~$72B Social Security fraud** claim root-traces to one OIG cumulative of *improper* payments (FY2015–22) that was later relabeled — classic citogenesis. Separately, age-sex-adjusted DI incidence fell after a 2010 peak; mental disorders are **12.7%** of 2023 disabled-worker *awards* and ≈**28.6%** of worker *stock* — three true statements about three constructs, not a one-third-of-awards fraud scandal. On adjudication: FY2024 hearing average processing time was **342** days against SSA's **270**-day goal (pending hearings ~262k, down 19% YoY); initial allowance **38%**, hearing allowance **51%**. On work: BOND's national $1-for-$2 offset returned **null** mean earnings; Ticket-to-Work intent-to-treat employment effects are ≪**2** percentage points; section **1619(b)** Medicaid-continuation take-up is **2.6%** of working-age blind and disabled SSI recipients. Ten architectures scored against measurement integrity, adjudication, protection, work-without-cliff, and administrability, then ranked under three protocol weightings. After red-team and a structurally blinded re-score (six cells moved), **#2 ALJ consistency / QC** leads the backlog reader and the integrity hawk; **#4 Medicaid buy-in expansion** leads the beneficiary who might work. Rank-stable top four: **#1 / #2 / #4 / #8**. **#9 definition tightening** finishes last under all three weightings on this board — because the do-nothing comparator's unevidenced below-neutral cells returned to 3, not because #9 was cut further. Per M10 we say **twice checked**, not final.

PART 1

Two programs, not one roll — and do not sum them casually

7.37M
DISABLED WORKERS, DEC 2023

6.26M
SSI BLIND & DISABLED

950K
CONCURRENT, AGES 18–64

3.3
INCIDENCE /1K EXPOSED, 2024

SSDI (Title II) is social insurance for insured workers and eligible dependents. SSI (Title XVI) is means-tested cash for aged, blind, or disabled people with limited income and resources. December 2023: **7,365,987** disabled workers; **8,709,006** DI disabled beneficiaries including widow(er)s and adult children; SSI total **7,425,331**, of which blind and disabled **6,264,542**. Concurrent dual entitlement ages 18–64: **949,971**. Adding SSDI workers to SSI blind/disabled double-counts that concurrent pool. Age-sex-adjusted DI incidence peaked at **6.4** per thousand exposed in **2010**, fell to **2.9** in 2022–23, and stood at **3.3** in 2024 — a sustained post-peak decline, not a mystery surge in raw rolls.

SSA ASIDI / DI ASR · SSI ASR · 2025 Trustees Report Fig. V.C3

> PLAIN TALK
> “The disability rolls” is not a baseline. SSDI ≠ SSI. Awards ≠ stock. Incidence ≠ prevalence. Mixing them is a discourse finding, not a measurement.

PART 2

The fraud number is not a fraud number

KILL CONDITION FIRED · KC1

10.62%
SSI IP RATE, FY2023

0.30%
OASDI IP RATE

~$72B
OIG IP CUMULATIVE, FY15–22

~74–77
CDI JUDICIAL ACTIONS / YEAR

SSA's Agency Financial Report is explicit: improper-payment findings come from **stewardship reviews of the nonmedical aspects** of OASDI and SSI. Terminating benefits after a medical Continuing Disability Review does *not* mean the original award was wrong — medical improvement means prior benefits were proper. FY2023 SSI improper payments: **$6.5B** / **10.62%** (overpayment 9.18% / underpayment 1.44%). OASDI combined: ~**$4.1B** / ~**0.30%**. Leading SSI causes: financial accounts **28%**, wages **24%**, in-kind support and maintenance **9%**. No AFR table equates these rates to intentional fraud.

SSA FY2024 AFR Payment Integrity · PaymentAccuracy.gov · OIG PIIA

The high-circulation claim that Social Security is losing on the order of **$70–72 billion** to fraud root-traces to one administrative source: an SSA OIG release summarizing nearly **$72 billion** in **improper payments** across FY2015–FY2022 — less than 1% of benefits — later restated in political and media framing as fraud. That is citogenesis: one root number, a label swap, peer repetition. Separately, CDR cessations (~**39k** disabled-worker initial cessations FY2019; DDS cessations can exceed **100k** in a pre-COVID comparison year) dwarf CDI judicial actions (~**74–77**/year). Cessation is not a fraud finding; prosecution counts are not an IP-dollar series. A prosecution-centric "fraud theater" program is not among the ten scored rows — the protocol replaced it with integrity focused on CDRs and wage reporting.

SSA OIG 2024-08-19 improper-payments release · Poynter 2025 · CRR WP 2022-11 · CDI Expansion Progress Report

> PLAIN TALK
>
> If your integrity program needs a point fraud rate at the circulating magnitude, the record does not give you one. Every architecture scored on measurement honesty inherits a band, not a point.

PART 3

The backlog is stage-resolvable — and still above the agency's own goal

38%
INITIAL ALLOWANCE, FY2024

51%
HEARING ALLOWANCE

342
HEARING APT, DAYS

1.18M
PENDING INITIALS

FY2024: initial allowance **38%** (deny 62%) on ~2.09M decisions; reconsideration **16%**; ALJ hearing allowance **51%** (dismiss 33%, deny 16%) on ~289k hearings. Hearing average processing time **342** days (FY2023 **450**) against SSA's **270**-day goal; pending hearings ~**262k** (–19% YoY). Initial APT **231** days, up from 218; pending initials ~**1.18M**. Improvement at hearings is real; clearance of the goal is not. Initial and hearing pools are not independent draws — higher hearing allowances reflect selection through denial and appeal, not proof that ALJs are "soft" without case-mix controls.

SSA ODSSI FY2024 Workload · SAOR · SSA OIG Major Management Challenges FY2024

GAO-18-37 found residual ALJ allowance dispersion **after** case-mix controls, with roughly **5** percentage points of narrowing under quality assurance and training — a separable administrative series, not a raw-allowance mislabel. Capacity-blind "get tougher" reforms under a million-plus initial pending queue inherit that caution.

GAO-18-37 · SSA OIG ALJ outlier audits

> PLAIN TALK
>
> People wait hundreds of days. That is measurable. Treating the wait as proof of fraud, or treating ALJ disagreement as soft standards without case mix, is not.

PART 4

The work cliff: BOND null, Ticket ≪2pp, 1619(b) at 2.6%

null
BOND MEAN EARNINGS

≪2pp
TICKET ITT EMPLOYMENT

2.6%
1619(B) TAKE-UP, 18–64

47
STATES WITH MEDICAID BUY-IN

Benefit Offset National Demonstration (BOND): Stage 1 and Stage 2 returned **null** mean earnings effects; Stage 1 average benefits due rose about **$143**/year, Stage 2 about **$450–500**/year — much of it a windfall to people already at substantial gainful activity, not a poverty-reduction proof. Ticket to Work: intent-to-treat effects on employment or benefit exit for work are null or undetectable at population scale (≪**2** percentage points); service enrollment rises a fraction of a

point; assignment stays roughly **1–5%** of eligibles. Section **1619(b)** Medicaid continuation: **108,825** participants ages 18–64 in December 2023 — **2.6%** of blind and disabled SSI recipients in that age band.

BOND Final Evaluation Report · Mathematica / SSA Ticket evaluations · SSI ASR Tables 40, 43

Cliff redesign, Ticket redesign, and Medicaid buy-in are **three different levers**. Buy-in attacks the **coverage** cliff — Washington's matched MBI evaluation and the Mathematica MBI series support earnings/work effects the cash-offset arm did not clear. **Forty-seven** states already offer a buy-in (KFF). It is not "the cliff redesign that cleared the BOND bar."

WA MBI evaluation · Mathematica MBI series · KFF state buy-in survey

> PLAIN TALK
>
> If the pitch is "fix the cliff and people will work," BOND and Ticket are the receipts that say: not at population scale, not with those designs. Coverage continuity is a different instrument.

PART 5

Awards ≠ stock — and childhood SSI is not adult DI in miniature

12.7%
MENTAL SHARE OF 2023 AWARDS

≈28.6%
MENTAL SHARE OF WORKER STOCK

~60%
SSI UNDER-65 MENTAL (AGENCY)

34%
MUSCULOSKELETAL AWARDS

The circulating prior that mental disorders are roughly a third of working-age SSDI awards is **false** on awards. 2023 disabled-worker awards: mental disorders **12.7%**; musculoskeletal **34.0%**; neoplasms **13.6%**. December 2023 disabled-worker stock: depressive/bipolar **12.4%** + intellectual **3.8%** + all other mental **12.4%** ≈ **28.6%**. SSI under 65: agency profile says about six of ten have a mental-disorder diagnosis — a different program and denominator. Gluing those into "one-third of awards" is the seam this filing shares with GBMT-11 (mental health). Childhood SSI is a separate track: adult IP-as-fraud and Ticket/SGA frames mis-travel; PRWORA already executed a child-specific standard at national scale.

DI ASR Chart 10 / stock tables · SSI ASR · childhood SSI / PRWORA record

> PLAIN TALK
>
> Three true percentages. Three constructs. No architecture on this board is scored as if psychiatric awards were a one-third fraud scandal.

PART 6

The scorecard: ALJ QC leads two readers; Medicaid buy-in leads the third

#	ARCHITECTURE	O1	O2	O3	O4	O5
1	Adjudication capacity surge	3	4	3	3	4
2	ALJ consistency / QC	4	4	3	3	4
3	Cliff redesign ($1-for-$2 / 1619)	3	3	3	2	4
4	Medicaid buy-in expansion	3	3	4	4	4
5	Ticket / VR redesign	3	3	3	2	3
6	CDR / wage reporting integrity	4	3	2	3	4
7	Partial / graduated disability	3	3	3	3	2
8	Childhood SSI separate track	4	3	3	3	4
9	Definition tightening	2	2	2	3	2
10	Do-nothing comparator	3	3	3	2	3

Objectives: **O1** measurement integrity · **O2** adjudication timeliness/accuracy · **O3** poverty and insurance protection · **O4** work without a cliff · **O5** administrability. Pass 1 authored the scales; red-team moved three cells; a structurally blinded re-score matched 42 of 50 cells and moved six more. Pass-2 tops:

WEIGHTING	TOP ARCHITECTURE	SCORE
Applicant in the backlog	**#2 ALJ consistency / QC**	3.70
Beneficiary who might work	**#4 Medicaid buy-in expansion**	3.75
Integrity hawk / budget	**#2 ALJ consistency / QC**	3.80

Rank-stable top four under every weighting: **#1 capacity surge, #2 ALJ QC, #4 Medicaid buy-in, #8 childhood separate track**. **#9 definition tightening** is last under all three on this board — because #10's unevidenced below-neutral cells returned to 3 under the evidence floor, not because #9 was cut further after red-team. That is a pass-2 arithmetic consequence; it is not a quiet reassertion of a withdrawn overclaim. #8's integrity-hawk second place remains a construct

artifact: refusing adult-fraud imports is an O1/O5 win, not the adult DI Trust Fund fix. Adult integrity readers should read **#2** and **#6** as the adult-facing instruments.

`ws09-scorecard.md · ws09-red-team-log.md · ws09-rescore-log.md · batch msgbatch_013vUDQ6mt6JV8mz2H95zfsx`

TWICE CHECKED · NOT FINAL

> PLAIN TALK
>
> There is no single “reform disability” winner. Backlog and integrity land on ALJ QC; might-work lands on Medicaid buy-in. Fraud theater does not make the board.

APPENDIX

The honesty box

KC1 — O1 is a band, not a point. FY2023 SSI IP **10.62%** and OASDI ~**0.30%** are stewardship estimates, not intentional-fraud rates. Every O1 cell inherits that band. Row #6’s O1=4 means construct alignment with CDR/wage series; #8’s means construct separation for child SSI; #2’s means case-mix-honest residual-variance measurement — none is a measured fraud reduction.

BOND null; three different work levers. Cliff redesign (#3) scored against BOND’s null mean earnings. Ticket (#5) remains ITT ≪2pp. Buy-in (#4) attacks the coverage cliff — it is not the cash-offset redesign that cleared BOND.

Awards ≠ stock (H8). Mental disorders are **12.7%** of 2023 awards and ≈**28.6%** of worker stock. No architecture is scored as if psychiatric awards were a one-third fraud scandal.

Twice-checked, not final (M10). Pass 1 authored scales and cells; red-team amended three cells; the blind pass moved six more (42/50 match; two judgment splits kept). One blind re-score is “twice checked,” not settled forever — sibling filings have shown two re-scores can move disjoint cells.

#9 last under all three — disclose the path. Red-team withdrew an earlier “#9 last under all three” claim when #10 sat lower under the beneficiary weighting. Pass 2 reinstates the arithmetic by lifting do-nothing’s unevidenced below-neutral cells to 3. #9’s row was not cut further. Say that honestly.

Report PDF. A typeset PDF of this whitepaper is available from the filing rail and as gubment-disability-report.pdf.

THE RECEIPTS · 8-workstream protocol (§1–§8) + Phase 0 gate · pre-registered anchors with corrected priors (awards share 12.7%, not 25–35%) · deviations log · M6 red-team (3 cell moves) · structurally blinded re-score (6 cells moved; batch msgbatch_013vUDQ6mt6JV8mz2H95zfsx) · pass-2 scorecard with honesty box · M10 rigor tiering · all public. Verification Phase 1/2 not yet run on this filing.

CITE · Gubment. "Disability: Is the Fraud Number Even Fraud?" Policy Whitepaper No. 12, Aug 2026. gubment.com/disability · Sources & data: gubment.com/disability/sources