Poverty Law, Spring 2024

Week 5 RSDI Overpayment Scenario

* Cindy began receiving RSDI disability benefits in 2004.
* Cindy suffers from severe anxiety and paranoia. She is diagnosed with Generalized Anxiety Disorder.
* Cindy’s anxiety prevents her from working full-time without experiencing severe mental distress that results in hospitalization.
* Cindy takes daily medication for her anxiety and sees a therapist on a regular basis.
* Cindy’s anxiety creates a “freeze” response when she receives a government notice, especially from SSA. If any notice suggests Cindy made a mistake or that her income might be taken away, she has difficulty processing and understanding the notices.
* Beginning in 2015 Cindy was able to return to work part-time. She started out working one day a week. Beginning in 2017 Cindy was able to work three days a week for six hours a day (18 hours a week).
* In January 2020 Cindy started a new job. She continued working three days a week, six hours a day – the same hours as her old job. The old job paid Cindy $14.50/hour, and the new job paid her $16.50/hour. When Cindy switched jobs she was not aware of the $2/hour pay increase.
* After Cindy returned to work in 2015 she reported her work income to Dakota County Human Services on a regular basis. She received medical insurance through Dakota County to supplement the Medicare she received through Social Security. She thought that Dakota County and SSA shared this information since the programs were related.
* Cindy remembers learning that she could work and still get RSDI, as long as she did not earn over a certain amount of money. She has no memory of anyone telling her was that amount was. She also does not remember anyone telling her exactly how she should report wages to SSA.
* Cindy never had any issues with her RSDI benefits since returning to work in 2015, or working three days a week in 2017.
* She received a letter in July 2018 which said SSA had reviewed her case and determined that she was still disabled.
* The letter said she needs to report if she returns to work to SSA, but did not say exactly how changes need to be reported. Cindy does not remember reading this part of the letter.
* On February 1, 2023 Cindy received a letter from SSA saying that she has been ineligible for RSDI benefits since April 2019 because she is no longer considered disabled due to working at a level above Substantial Gainful Activity. She now owes an overpayment for all benefits that have been paid since April 2020. The overpayment total is $40, 800.
* Cindy’s only income is $1800 a month in RSDI. In June 2023 the stress of the RSDI overpayment exacerbated Cindy’s anxiety and she quit her part-time job. She reapplied for RSDI benefits and they were reinstated.
* Cindy currently pays $50/month to the overpayment, which is taken out of her RSDI benefits. She also pays $115 a month for Medicare, $90 a month for supplemental medical insurance, and $60 a month for dental insurance.
* Cindy lives alone in a mobile home. She pays $770 a month for lot rent, and $140 a month for gas and electricity costs. She pays for all maintenance of her home.
* She also pays about $150 a month for food; $200 a month for pet supplies for five cats; $100 a month car maintenance and car insurance; and $150 a month for cell phone, internet, and landline.
* Cindy owes debt on six different credit cards with a minimum monthly payment of $25.
* When Cindy does not have enough cash to pay for all her monthly expenses, she charges more to her credit card.
* Cindy has no assets, other than her car and mobile home.