

ADDITIONAL VIEWS
By Michael Stern

In their review and consideration of the Supplemental Security Income program, a majority of the experts gave support to changes affecting virtually all elements of the program. When fully effective, these changes would increase Federal program costs by some \$47 billion annually. (Federal program outlays in the current fiscal year are estimated at about \$17 billion.)

The experts did not attempt to identify those program changes which they would support if only a specified amount of additional funds were available, such as \$300 million or \$1 billion annually.

There are a number of important things that could be done within a total limitation of about \$300 million.

Staffing increases.--In my view, the most important single need for the Supplemental Security Income program is to increase its staffing. Many of the difficulties the program is experiencing could be eliminated or substantially alleviated simply by having more staff available.

Program simplifications.--The following relatively modest changes in the program hold the promise of improving equity, simplifying program operations and significantly reducing the incidence of overpayments:

1. Change the method for calculating overpayments that result from excess resources; the overpayment would not be greater than the amount the individual's resources exceeded the resource limit.

2. Accounting Issues: (a) Change the computation method from retrospective monthly accounting to prospective monthly accounting; changes that result in a reduction in payment would be effectuated two months later than the month in which the income changed. (b) Continue Medicaid coverage when SSI eligibility is lost solely due to a calendar-related income fluctuation (e.g., when there are five weekly paydays in a month). (c) Do not require income verification when it is not cost-effective.

3. Require Federal determinations of Medicaid eligibility in all States that use the SSI criteria to determine Medicaid eligibility.

4. Develop legislation that would mandate specific recruitment, training, and monitoring of representative payees and authorize the appropriation of funds to implement the program.

5. Increase the monthly payment limit for residents of institutions from \$30 to \$35 and provide for an annual cost of living adjustment.

6. Change the definition of substantial gainful activity so that, for purposes of establishing initial eligibility for SSI, an individual would be considered to be engaging in substantial gainful activity only if he is earning above the substantial gainful earnings level (generally \$500 a month) without significant support services. (Wages and self-employment income would still count in terms of evaluating need and determining the benefit amount.)

Perhaps the most complex administrative task in the SSI program is determining in-kind support and maintenance--food, clothing, or shelter that is given to a person or that a person receives because someone else pays for it. Most of the experts assigned a high priority to the elimination of this feature of the program, which would involve an average annual program cost in the area of \$1 billion. In my view, the elimination of the in-kind support and maintenance provision with no other program changes would fail to recognize that the needs of a person living in quarters with someone else are lower than those of a person living alone. A proposal for restructuring SSI and eliminating determinations of in-kind support and maintenance is discussed below.

A Cost-Neutral Proposal for Restructuring SSI Benefits and Improving Program Administration

If no additional funds become available for SSI program expansion, consideration could be given to a cost-neutral restructuring of SSI benefits and improvement of program administration consisting of the following elements:

1. Any SSI recipient living in the same quarters as another person who is an adult (whether or not an SSI recipient) would receive a payment based on 75 percent of the standard for an individual living alone. (This rule would apply only to persons who become recipients after the proposal's effective date.)

In the SSI program, as in the social insurance programs, a couple's benefits are set at 150 percent of an

individual's benefits. This recognizes the fact that two individuals living together do not have twice the expenses of an individual living alone. (The current Federal poverty level for a couple is 134 percent of the poverty level for an individual.) Under the proposed change, two SSI recipients living in the same quarters would receive the same combined payment whether or not they are a couple.

2. For new recipients, the SSI in-kind support and maintenance rules would be eliminated.

Under the first element of the proposal, any SSI recipient living with at least one other person who is an adult would receive a payment 25 percent below what he would receive if he were living alone. The principal reason for having an in-kind support and maintenance provision would no longer exist.

3. To assure no reductions in payments for persons already on the SSI rolls at the time the proposal is adopted, and whose payment amounts, but for this provision, would be affected by receipt of in-kind support and maintenance, I propose the following:

a. If the recipient is not living in the same quarters as another person who is an adult, the payment would be based on 100 percent of an individual's standard, and the in-kind support and maintenance reduction would be eliminated.

b. If the recipient is living in the same quarters as another person who is an adult, and if the recipient's in-kind support and maintenance reduction is equal to, or greater than, 25 percent of the Federal benefit standard, the payment would be based on 75 percent of an individual's standard and the in-kind support and maintenance reduction would be eliminated.

c. If the recipient is living in the same quarters as another person who is an adult, and if the recipient's in-kind support and maintenance reduction is less than 25 percent of the Federal benefit standard, the payment would be based on 100 percent of an individual's standard and the in-kind support and maintenance reduction would not be eliminated.

4. It would take some years for the restructuring to be fully effective, since present recipients would be protected from payment reductions. In the first two years, the savings would be applied largely to the staffing increases and program simplifications outlined above.

Beginning in the second year, any program savings that exceed these costs would be devoted to increasing the SSI payment levels beyond the annual cost of living increases and at the same time as those increases. Based on the estimates provided me, the SSI payment levels could be increased about 11 percent over a four year period from FY 1994 to FY 1997. By the end of that time, substantial progress would have been made in increasing SSI payment levels to the Federal poverty level.

Estimated Net SSI Program Savings
(In millions of dollars)

FY 1993	(85)
FY 1994	(515)
FY 1995	(985)
FY 1996	(1,455)
FY 1997	<u>(1,930)</u>
Total	(4,970)

Estimated Benefit Increases
Above the COLA's
After Devoting \$300 Million
Per Year to Other Improvements

FY 1993	NA
FY 1994	.8 percent
FY 1995	2.2 percent
FY 1996	3.4 percent
FY 1997	4.4 percent

ADDITIONAL VIEWS
by Kenneth Bowler, Robert Fulton, Arthur Hess,
Richard Nathan, and Timothy Smeeding

Commissioner King is to be commended for launching a thorough examination of the Supplemental Security Income (SSI) program. Such a review of the program was long overdue. The Modernization Project experts, under the capable leadership of Dr. Arthur Flemming, have performed an important public service. They have identified, examined, and formulated potential corrective actions for the key problems that inhibit the SSI program's effectiveness, complicate its administration, and create inequities among applicants for, and recipients of, program benefits. The experts' report can help build public awareness of the importance of the SSI program to millions of America's elderly, blind, and disabled citizens and their families. We hope this work will also increase significantly the attention given to the SSI program by policy makers in both the executive and legislative branches of the federal government as well as by analysts and advocates outside government.

We join our colleagues in endorsing many of the changes presented in the report. Nevertheless, we find a number of aspects of the report troublesome. We presented these concerns during meetings with our fellow experts. We present them here in the hope that our perspectives will help persuade congressional committees, the Social Security Administration, and policy officials elsewhere in the executive branch to treat this report as an essential starting point for considering comprehensive reform of the SSI program.

Specific Concerns

1. Cost

The options preferred by a majority of the experts would, by the end of five years, double the cost of the SSI program to the federal treasury. Some of the cost increases would result from addition to the rolls of persons who would become eligible as a result of increased benefit levels, more generous resource limitations, and other liberalizations presented. The changes would also significantly increase payments to persons already receiving SSI benefits. The chances of all these program expansions being effected in the foreseeable future are extremely slim, given the federal

budget situation and the many other pressing domestic priorities which are competing for resources.

Moreover, the cost impact would extend beyond the federal government to state and local governments as well. In particular, the impact of the increased numbers of SSI recipients on state and local Medicaid costs deserves much more attention than it received, in view of the prominence of Medicaid cost growth as a source of great budgetary concern throughout the nation.

2. Choice of Priorities Within the SSI Program

The report treats an extremely expensive option on increasing benefits as being on the highest priority level. We advocate a more deliberate approach which would treat increases in benefit levels beyond 100 percent of the poverty guidelines as a longer-range goal and move to the top of the agenda for short-term action lower-cost changes which will improve equity, simplify administration, improve understanding of the program by those already eligible, and promote self-help efforts by recipients and their families.

3. Sensitivity to Other Needs

It is obvious that the response made to the needs of elderly, blind and disabled citizens must take into account other urgent national needs such as health care for the medically uninsured, the economic and social needs of our cities, and improvement of the support and protection of all of America's children. While this broad array of needs was beyond the experts' specific charge, we believe proposals on the scope and phasing of SSI changes must fully take into account their cumulative effect and the fact that other pressing domestic problems also have priority claims on substantial additional resources.

Conclusions

We believe it would be major, and acceptable, progress if the following resulted in the near future from the work of the experts:

- (1) The Social Security Administration were provided the staff resources it must have in order to discharge more adequately its responsibilities for the SSI program. It is urgent that SSA receive the approvals and funding necessary for hiring, training, and making fully functional, no more than two years from now, the additional staff seen as vital by nearly all of the experts.

- (2) Significant administrative complexities were eliminated and equity and benefit adequacy were improved for many recipients through early approval and implementation of many of the simplifications proposed. Examples of changes which should be effected without delay are: simplified and more generous treatment of interest income, raising current resource limits by moderate amounts and reconciling the treatment of different types of resources, providing stronger work incentives, and eliminating benefit reductions due to in-kind support and maintenance.
- (3) A plan for gradually increasing benefits and expanding eligibility were developed and implemented. For example, annual increases covering changes in the cost of living plus two percentage points could bring benefit levels close to the poverty line by the early years of the 21st century, while being more realistically accommodated within the federal budget.

These changes would represent a major contribution to the well-being of Americans who are elderly or have disabilities and are dependent on SSI for meeting their basic needs.