

SOCIAL SECURITY ADMINISTRATION

AT A GLANCE:

2006 Discretionary Budget Authority: \$9.5 billion
(Increase from 2005: 8 percent)

Major Programs:

- Old-Age and Survivors Insurance
- Disability Insurance
- Supplemental Security Income



MEETING PRESIDENTIAL GOALS

Promoting Economic Opportunity and Ownership

- Helping people with disabilities make the transition to work.

Supporting a Compassionate Society

- Providing Supplemental Security Income payments, Social Security Disability Insurance benefits, and Survivor Insurance benefits to eligible individuals.
- Assisting in the administration of the new Medicare prescription drug benefit by determining eligibility for low-income subsidies.
- Extending eligibility for Supplemental Security Income for roughly 4,000 refugees and asylees who have not yet become U.S. citizens.

Making Government More Effective

- Converting from paper to electronic disability application folders to speed decision-making and reduce administrative costs.
- Providing access to video hearings for some people who live a long distance from a hearing office, allowing them to have hearings scheduled sooner when they appeal decisions made by the Social Security Administration.
- Ensuring that more than 99 percent of benefits are paid correctly.

Agency-specific Goals

- Improving the timeliness and accuracy of the Social Security Administration's disability decision-making process while continuing to improve productivity.

PROMOTING ECONOMIC OPPORTUNITY AND OWNERSHIP

Demonstrations to Help Transition from Disability to Work

Individuals with disabilities face many barriers in making the transition to work. The Social Security Administration (SSA) has launched two demonstrations: one to support adults with disabilities who want to enter the workforce and one to support children with disabilities making the transition from school to work.

Under the Ticket to Work and Work Incentives Improvement Act of 1999, SSA is exploring ways to more gradually reduce Disability Insurance (DI) benefits as beneficiaries enter the workforce. Under current law, DI beneficiaries who exhaust their nine-month trial work period and three-month grace period have their DI benefits completely stopped if they earn more than \$830 per month. Under the DI Benefit Offset Demonstration, such beneficiaries would be able to earn more than \$830 per month and still receive a portion of their DI benefits. This change would encourage them to return to work by allowing a more gradual transition.

SSA is also testing approaches to support the successful transition of youth with disabilities from school to post-secondary education and/or employment. Under the Youth Transition Demonstration projects, California, Colorado, Iowa, Maryland, Mississippi, and New York have created service-delivery systems that blend education, rehabilitation, health care, and employment services. Each project is different, but all show how communities can blend services and resources from Federal, State, and local partners to support youth with disabilities as they progress through high school and go on to work or post-secondary education. Services include mentoring, skills training, career planning, and job search and placement services. The Budget includes \$9 million for these demonstration projects.



Patrick has successfully returned to work through SSA's Ticket to Work program.

Patrick's Story

Patrick was an outgoing young man working on his cosmetology license. That was in 1994—the year his life took a drastic turn. Patrick began to feel weak, lost a lot of weight, and had constant headaches. His doctor diagnosed him with end-stage renal disease. For the next seven years, Patrick underwent kidney dialysis. He abandoned his career goals and was approved for Social Security disability benefits. His days were long and unfulfilling. Then, in 2001, he became eligible for a kidney transplant. “After all this time, I couldn’t believe my good fortune,” said Patrick. “Finally, a kidney was available, and all I could think of was going back to living a normal, healthy life.”

After the transplant, Patrick had some problems with his health, but finally began regaining his strength. It was around that time that his Ticket to Work came in the mail from Social Security. He found out that he could use his Ticket to go back to work without risking the loss of his Medicare benefits. Patrick started working as an interim accountant, and now has a permanent position as a buyer for a manufacturer.

The Budget proposes to require full-time school attendance as a condition of entitlement for Social Security child's benefits for children beginning at age 16. Current policy allows eligible children to receive Social Security benefits up to the month they reach age 18, regardless of school attendance. School attendance is required for children ages 18 and 19 to continue receiving benefits. Changing the policy to age 16 will further encourage eligible children to remain in school.

SSA has put a priority on helping people get back to work, as evidenced by the new performance measure it developed for the Supplemental Security Income (SSI) program. SSA is committed to increase the number of SSI and DI beneficiaries with "tickets" who go to work, relative to 2003, by 20 percent in 2004, 40 percent in 2005, and 60 percent in 2006. Tickets allow beneficiaries to choose employment services, whether from a more traditional vocational rehabilitation agency or other participating public and private providers.

SUPPORTING A COMPASSIONATE SOCIETY

SSA will pay nearly \$40 billion in SSI payments to needy elderly and disabled people in 2006 and about \$90 billion in Social Security disability benefits. In addition, SSA will pay \$68 billion in Survivors Insurance benefits to widows and surviving children. In 2006, more than 20 million beneficiaries will receive benefits from the SSI, DI, and Survivors programs.

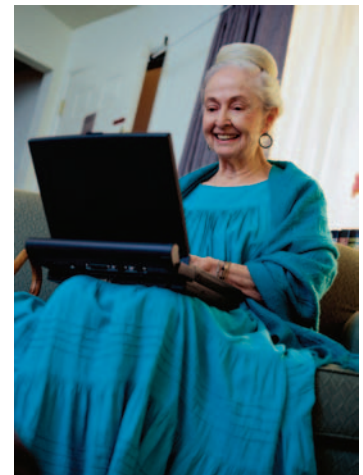
Discounted Drugs for Seniors

The Medicare Prescription Drug Improvement and Modernization Act of 2003 includes a major role for SSA in administering the new Medicare prescription drug benefit. Starting in the summer of 2005, SSA will determine whether Social Security and Medicare beneficiaries are eligible for the additional low-income prescription drug assistance that is part of the drug benefit.

Senior citizens and individuals with disabilities who have income less than 135 percent of the poverty level and who have resources equal to or less than \$6,000 will be eligible in 2006 for Medicare drug coverage with no premium and limited cost-sharing. Other beneficiaries—those with income between 135 and 150 percent of poverty and somewhat higher resources—will be eligible for Medicare drug coverage with a reduced premium and cost-sharing. Individuals will have the option of applying for assistance through the Internet, telephone, mail, or at a local Social Security office. SSA employees will also be on-site at many local community associations to assist individuals with the filing of applications. The Budget continues funding for processing low-income prescription drug assistance applications and related activities.

Online Benefit Application

To meet increasing public demands, SSA allows the public to apply for Social Security retirement, spousal, and disability benefits online in addition to applying in person or by phone. The online services provide opportunities for the public to conduct SSA business electronically in a private and secure environment. In 2004, 217,000 claimants submitted applications for Social Security benefits online, an increase of 47 percent over the previous year. Other online services allow current beneficiaries to check their benefits, enter changes to their address or direct deposit information, and obtain replacement 1099s and proof of income letters. These services can be accessed through SSA's website, www.socialsecurity.gov. SSA's online services provide greater convenience to the public while allowing the Agency to process its workloads more efficiently.



SSA now makes it possible for claimants to apply for benefits online.

Assisting Low-Income Refugees

The Budget would allow refugees and asylees to receive SSI for eight years after entry into the country. Currently, refugees and asylees who have not become citizens can only receive SSI for seven years after entry. Consistent with the President's goals for immigration reform, this measure would provide legal asylees and refugees a greater opportunity to achieve citizenship. Funding for SSI comes from general Government revenues—not from the Social Security trust funds. The policy would continue through 2008. Beginning in 2005, SSA will send letters annually to those refugees and asylees receiving SSI reminding them of the requirement to become a citizen for continued benefits.

MAKING GOVERNMENT MORE EFFECTIVE

Electronic Disability Folder

Starting in January 2004, SSA began implementation of an electronic disability file folder. This increased use of technology will replace a paper-driven process with a more efficient one, resulting in significantly reduced processing times and improved decisional accuracy for initial disability claims and hearings. So far, SSA has implemented the electronic disability folder in 25 States and plans to complete implementation in 2006. Once fully implemented,

SSA will have the largest repository of medical records in the world, and will see greater progress in eliminating avoidable delays in the disability claims process.

Electronic Disability (eDib) Process Becoming a Reality

Speedier service of disability claims is proving to be a reality. In January 2004, the Mississippi Disability Determination Service (DDS) received a premature baby boy's SSI claim, along with medical evidence from the local children's hospital. This baby weighed less than 1,200 grams and had serious medical complications. The formal SSA application was submitted electronically and the medical evidence was scanned into a document repository. The disability examiner had access to all documents on her computer screen and made an allowance that same day. Social Security expects eDib to be used in all DDSs by June 2005.

Performance Evaluation of Select Programs

SSA assessed for 2006 the SSI program using the Program Assessment Rating Tool (PART). The PART found that SSI has a clear purpose and addresses a specific need. SSA is working to ensure that the correct benefits are paid to the right persons on a timely basis. SSA evaluated the DI program previously and is converting from using a paper folder to an electronic one for the disability claims process, as discussed above. The PART evaluation cited a need to implement an improved claims process.

Stopping Fraud

Another challenge faced by SSA is weeding out fraudulent claims of disability among the applications it gets every year.

The Federal Government filed suit last year against a woman who had received \$190,000 in disability payments. In January 1999, she claimed that even lifting a gallon of milk caused her to suffer migraines that prevented her from reading and writing, and that she was unable to walk more than 10 minutes without experiencing debilitating pain. In March 1999, she competed and won the "Mrs. Minnesota International" pageant in which she engaged in stage walking, a production number, and competed in the aerobic and evening gown competitions.

A Federal jury convicted her in August 2004 on nine counts of defrauding SSA.

Source: U.S. Department of Justice, Office of the U.S. Attorney, District of Minnesota, Press Release.

Stewardship and Program Integrity

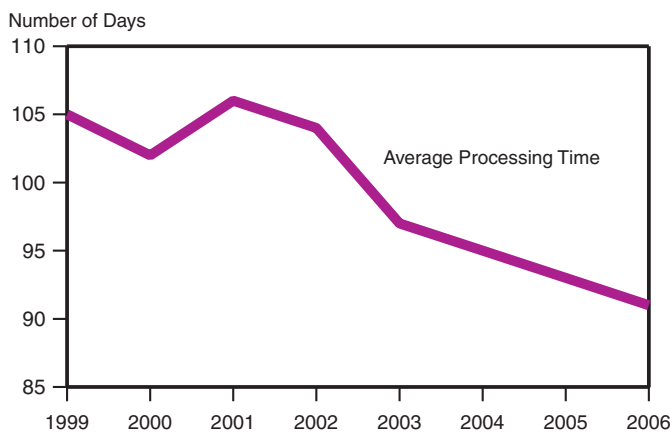
A crucial aspect of good management in income support programs is ensuring that only eligible individuals receive benefits, and that they receive the correct benefits. SSA undertakes a variety of program integrity activities to minimize improper payments by verifying beneficiaries' eligibility status, collecting debt, investigating and deterring fraud, and other methods.

MAKING GOVERNMENT MORE EFFECTIVE—Continued

The Budget proposes to improve payment accuracy by requiring that SSA review at least 50 percent of favorable SSI disability and blindness decisions before starting payments. Further, the Administration will conduct more continuing disability reviews (CDRs) in 2006. This is a proven, sound investment since SSA generates savings of approximately \$10 for each \$1 spent on such activities. SSA's 2003 CDRs are expected to yield over \$5 billion in program savings.

Improved Productivity and Efficiency

Processing Time for Initial Disability Claims



Source: SSA.

increase this number. Using these kinds of measures, SSA has documented that the agency increased productivity by an annual average of nearly three percent from 2000-2004. In addition, SSA has reduced average processing time for initial disability claims by over 10 percent since 2001 (see accompanying chart).

Video Hearings Save Time and Money

In 2004, individuals who were initially denied disability benefits and who appealed to an Administrative Law Judge (ALJ) had to wait over a year before a final decision was made. Wait times can be especially long for individuals living long distances from major cities; ALJs may only visit rural areas a few times per year since they need to schedule enough hearings to justify the expense of their travel. Also, it can be difficult obtaining the appropriate expert witnesses outside major cities.

Video hearings can benefit claimants in two ways. Their hearings may be scheduled sooner than if they choose face-to-face hearings, and there may be a broader range of expert witnesses available. For example, a claimant in Sioux City, Iowa, can go to a video hearing location in his or her local community, rather than traveling nearly 200 miles to the hearing office in West Des Moines or waiting many months before an ALJ could travel to Sioux City. Video hearings

SSA is committed to improve its productivity and efficiency in providing services to citizens. SSA performs a variety of tasks for citizens, such as processing applications for retirement and disability benefits, answering questions through its 1-800 number, and conducting hearings for people who have appealed the decision SSA makes on their application for benefits. SSA measures its productivity in conducting all of these transactions, and pushes for greater efficiencies through increased use of technology and changes in business processes. SSA, for example, measures the number of applications for disability benefits the average worker processes each year, and strives to



A claimant and representative (not shown) watch from a remote hearing site as expert witnesses are sworn in for a video hearing.

save travel expenses and time for both the claimant and the ALJ. In 2006, SSA plans to schedule 30,000 hearings via video.

Update on the President’s Management Agenda

The table that follows provides an update on SSA’s implementation of the President’s Management Agenda as of December 31, 2004.

	Human Capital	Competitive Sourcing	Financial Performance	E-Government	Budget and Performance Integration
Status	●	●	●	●↑	●
Progress	●	●	●	●	●

Arrow indicates change in status since evaluation on September 30, 2004.

SSA has achieved some significant milestones in its effort to implement the President’s Management Agenda. The agency now has a multi-tiered performance appraisal system for executives and managers that effectively differentiates between different levels of performance. SSA is working to include all employees under such a system. Further, SSA is able to determine full and marginal cost of achieving performance goals and uses that information to make decisions. In the area of Financial Performance, SSA is improving the quality, consistency, and timeliness of data so managers can drive better results such as reducing the administrative costs of SSA’s benefit programs. In Competitive Sourcing, SSA completed its first full competition, the Systems Help Desk (covering 68 positions). The estimated savings from this competition is \$35 million over a five-year period. In addition, SSA identified a number of challenges involved in completing small competitions, and proposed an alternate study approach to better address these competitions that was approved as a limited pilot.

Initiative	Status	Progress
Eliminating Improper Payments	●	○

SSA measures improper payments for its three major benefit programs: Old Age and Survivors Insurance (OASI), Disability Insurance, and Supplemental Security Income (SSI). SSA has a corrective action plan and reduction targets in place. The OASI program consistently has a very low improper payment rate. SSA did not meet its target for improper payments for SSI in 2003. SSA is working to meet future targets with initiatives that would allow for quicker and more accurate eligibility determinations. (Because this is the first quarter that agency efforts in the Eliminating Improper Payments Initiative were rated, progress scores were not given.)

AGENCY-SPECIFIC GOALS

SSA sets goals to provide high-quality service, which is reflected in the Agency's commitment to increase productivity, timeliness, and accuracy in processing applications for disability benefits. With this Budget, SSA expects to achieve the performance targets outlined in the table below.

Goal	2004 Actual	Goal	
		2005	2006
Productivity:			
Disability Decisions, Per Worker Per Year ¹	273	278	284
SSA Hearings Decisions, Per Worker Per Year	100	103	105
Timeliness (in days):			
Average Processing Time for Initial Disability Claims	95	93	91
Average Processing Time for Hearing Decisions	391	442	442
Accuracy:			
Disability Determination Services Accuracy Rate	NA	97%	97%
Accuracy Rate for Hearing Decisions	NA	90%	90%

¹ In 2004, an SSA worker on average made 273 disability decisions. A higher number in a given year represents greater productivity.

Social Security Administration

(In millions of dollars)

	2004 Actual	Estimate	
		2005	2006
Spending			
Discretionary Budget Authority:			
Limitation on Administrative Expenses (LAE) Base ¹	8,313	8,733	9,083
Office of the Inspector General	88	90	93
Research and Development	40	28	20
Subtotal	8,441	8,851	9,196
Medicare Reform Administrative Expenses ¹	500	—	320
Total, Discretionary budget authority	8,941	8,851	9,516
Mandatory Outlays:			
Old-age, Survivors, and Disability Insurance	491,623	515,126	540,121
Supplemental Security Income	33,725	39,027	38,314
Special Benefits for Certain World War II Veterans	10	11	10
Offsetting Collections	-2,583	-2,613	-2,727
Undistributed Offsetting Receipts	-10,601	-10,911	-11,357
Legislative proposals	—	—	13
Total, Mandatory outlays	512,174	540,640	564,374

¹ The LAE account includes funding from the Hospital Insurance and Supplementary Medical Insurance trust funds for services that support the Medicare program, including implementation of Medicare Reform.