

SOCIAL SECURITY ADVISORY BOARD

STATEMENT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM

Public Law 104-193 requires that the members of the Social Security Advisory Board be given an opportunity, either individually or jointly to include their views in the Social Security Administration's annual report to the President and the Congress on the Supplemental Security Income (SSI) program.

We appreciate the opportunity to present our views on this important program, and we have asked the Social Security Administration to include the following statement of views in this year's annual report due May 30 1999.

VIEWS OF THE BOARD REGARDING THE SSI PROGRAM

In 1994, when the Congress passed legislation establishing the Social Security Administration as an independent agency, it also created a bipartisan Advisory Board to advise the Congress, the President, and the Commissioner of Social Security on matters relating to both the Social Security (OASDI) programs, and the Supplemental Security Income (SSI) program. The statute directs the Board, among other responsibilities, to make recommendations with respect to the quality of service that SSA provides to the public; the policies and regulations of the OASDI and SSI programs; and a long-range research and program evaluation plan for SSA.

In response to that mandate, the Board has undertaken to study the SSI program as part of our overall work rather than as an isolated subject. To date, our efforts with respect to SSI have focused on the quality of service that SSA provides to the public, the disability aspects of the program, and program research needs. Since the Board began its work in 1996, it has made on-site visits to Boston; Los Angeles; San Francisco, Philadelphia; Kansas City, Missouri, Kansas City, Kansas; and Chicago. These visits have given the Board a point-of-service view of the challenges facing those who administer the SSI and OASDI programs, and the needs of those whom the programs are intended to serve. The Board has met with Social Security Administration staff at all levels, State and local officials, and advocates for SSI applicants and beneficiaries. It has also held public hearings in San Francisco, Dallas, and Chicago.

The following observations with respect to the SSI program reflect the work we have completed at this point in time. The Board issued a report in January 1998 on "Strengthening Social Security Research: The Responsibilities of the Social Security Administration." That report described the steps the agency should take to strengthen its research capacity and also made recommendations with respect to the agency's research agenda for both the OASDI and SSI programs. The Board also issued a report in August

1998 entitled “How SSA’s Disability Programs Can Be Improved,” which focused primarily on recommendations for improving how the Disability Insurance and SSI disability programs are administered. We anticipate that in the coming months the Board will issue a report with recommendations on improving the quality of service that SSA provides to the public.

The issue of quality of service to SSI claimants and beneficiaries

In 1972, when the Supplemental Security Income program was enacted, questions were raised in the Congress and elsewhere about SSA’s capacity to absorb administrative responsibility for this complex new welfare program without compromising its ability to administer the much larger Social Security retirement, survivors, and disability programs. The Congress ultimately chose the Social Security Administration to administer the SSI program, in part because the agency had a network of offices that were accessible to the public and had a reputation for providing high quality service.

The Congress believed that the SSI program which was intended to serve as a supplement to the Social Security programs, could function best in close connection with them. It was hoped that joint administration of the programs would result in improved service for low-income aged, blind, and disabled individuals, and that individuals would experience less stigma than under the prior State-administered welfare programs.

Although the SSI program has become an integral part of SSA’s operations, in the early years of the program the agency had difficulties in assuming the new responsibility. Over the last 25 years the agency has faced continuing challenges to its ability to provide a high quality of service to those who apply for and receive SSI benefits. The key issue for SSA now is how well it is presently meeting its responsibilities and how well it is positioned for the future.

As a means-tested program, SSI is inherently more difficult to administer than the Social Security programs. Social Security eligibility depends upon generally objective and stable factors, such as date of birth, date of death, earnings history, and marital status. In contrast, under SSI the fact and degree of eligibility can change from month to month based on changes in income, resources, living arrangements, and place of residence. In addition, SSI disability applicants often lack a consistent record of medical treatment that can be relied upon without the need for consultative examinations, and they are likely to lack the type of work history that can be used in Social Security cases as a benchmark. Many have special needs due to physical or mental limitations, emotional problems, language difficulties, or educational deficits. Many also lack telephones or are homeless.

Administration is further complicated by the fact that the SSI program has become predominantly a disability program and thus shares with Social Security all of the complexities involved in the multi-step disability determination process. Today the 5.2 million SSI disability beneficiaries greatly outnumber the 1.3 million beneficiaries who receive benefits on the basis of age. This is in contrast to the situation prevailing at the time the SSI program began, when the aged constituted the majority of beneficiaries.

Because the SSI rules are complicated, initial claims taking is much more difficult and time-consuming than it is for Social Security. In addition, because of the need for regular review of eligibility and payment amounts to take account of changes in circumstances, they become entitled to benefits. As the agency implements stepped-up procedures to verify the accuracy of payments to beneficiaries, this SSI postentitlement work is becoming an increasingly large portion of the workload.

Changes in the law in recent years have also added to the agency's administrative responsibilities. For example, as the result of legislation in 1996, SSI law requires that a retroactive payment on behalf of a disabled child be placed in a dedicated account and used only for expenses related to the impairment of the child. SSA staff in the field must determine whether the expenditures are proper and try to recover them if they are not.

As a result of factors such as these, the share of SSI program expenditures devoted to administration is high compared to the OASDI program. In fiscal year 1999, Federal SSI administrative costs are expected to be about \$2.5 billion, or about 8 percent of the program's \$30.7 billion in Federally-administered outlays, while administrative costs for Social Security programs are projected to be about \$3.5 billion, or less than 1 percent of total outlays of \$393 billion.

Although SSI will account for only about 7 percent of SSA's benefit outlays in fiscal year 1999, it will account for about 36 percent of the agency's administrative budget (as compared to about 50 percent for the Social Security program and 14 percent for Medicare responsibilities).

The proportion of SSA's administrative budget devoted to SSI has grown since the early years of this program, increasing from 27 percent of total administrative costs in 1980 to 36 percent this year.

Today, more than half of claims for Social Security Old-Age Survivors Insurance (OASDI) benefits are handled by telephone. More and more, the work of employees in Social Security field offices is directed at serving applicants and beneficiaries of the SSI program. This is a change from the original expectations of the Congress that OASI and DI work would dominate, and is a development that needs to be fully taken into account by policy makers.

In our meetings with SSA employees around the country, we have been impressed by their high level of dedication to serving the SSI population. Although many SSI claimants have special needs and often require more time and attention than others whom the agency serves, SSA staff who are providing front-line service appear determined to provide the highest level of service that they can. A major frustration, as expressed to us, is that high workloads are restricting their ability to respond to the needs that they perceive. They are also concerned that SSA's work measurement system does not capture the magnitude of the SSI workload in comparison with that of the OASDI program.

Concern about staffing for the SSI program is not new. The 1992 Report on the SSI Modernization Project, written by a group of experts under the chairmanship of the late Arthur Flemming, former Secretary of the Department of Health, Education, and Welfare, addressed this issue. The report identified increased staffing as one of the top priorities for improving the SSI program. Nearly all expressed the view that, with additional staff, SSA should place renewed emphasis on restoring more personal contact and individualized assistance to those it is intended to serve.

In our upcoming report on service to the public we will present our findings and recommendations with respect to the quality of service that SSA provides to the public in greater detail. However, there are several issues that are important to the SSI program that we would like to highlight at this time.

Assuring SSI program integrity

In response to attention by the Congress and the General Accounting Office, as well as its own concerns about accurate administrative practices, SSA issued a report in October 1998 that described what the agency plans to do to improve the management of the SSI program.

In addition, the agency has taken specific steps to improve the accuracy of SSI payments. It has increased the number of Continuing Disability Reviews to assure continuing eligibility for disability and has also increased the number of redeterminations of non-disability factors. It has proposed legislation to give the agency new tools to improve payment accuracy, including enhanced ability to catch errors through data matching; made changes in the approval process for the Plan for Achieving Self Support (PASS) program; and taken steps to reduce erroneous payments to prisoners and nursing home residents. SSA's leadership has supported efforts to expand the capabilities of the Office of the Inspector General to improve the accuracy and integrity of the agency's work.

We believe that these initiatives will help to improve the integrity of the SSI program, and we commend the agency for undertaking them. But as the Board stated in its comments in SSA's 1998 report on the SSI program, accuracy and integrity are dependent first of all on how well claims are handled in the 1,300 Social Security field offices.

We have talked with many in the agency, particularly in field offices, who have expressed concern about the integrity of the SSI program. Statistics for the SSI program reinforce these concerns. According to the agency's Accountability Report for Fiscal Year 1998, the SSI payment accuracy rate, measuring the accuracy of current retroactive and estimated future payments resulting from an SSI initial claim, declined from 95.3 percent in 1994 to 90.4 percent in 1997. In addition, in discussing the accuracy of the first payment made to newly awarded SSI claimants the Accountability Report states that "...the potential for a significant downward trend exists."

The SSI case accuracy rate is considerably lower than the payment accuracy rate. According to the Office of the Inspector General, the SSI case accuracy rate was about 71 percent in 1993, compared with a payment accuracy rate of 94 percent.

Serving individuals with special needs

Most SSI applicants and recipients, because of old age, mental or physical disability, language barriers, or other causes, need assistance in filing claims and otherwise complying with complex SSI eligibility rules. As an example, about 28 percent of SSI disability beneficiaries receive benefits on the basis of mental retardation. Another 31 percent suffer from other types of mental disorders. In New York City, there are offices where half or even fewer than half of the people in the office service area speak English at home. Many applicants and beneficiaries have educational deficits. In some areas, there are substantial numbers of homeless individuals.

According to SSA employees in the field, a growing number of claimants, including SSI claimants are turning to individuals and organizations outside the agency for help in filing their claims. Although most of these “third parties” undoubtedly are providing claimants with valuable assistance, SSA employees tell us that there are instances in which third parties are claiming fees for services while providing little or no real help.

We believe that third parties can be helpful to SSA. However, the basic responsibility for seeing that individuals are well served rests with the agency. This means that the agency must have well-trained employees who have the time necessary to guide individuals through program rules and help them develop the documentation that is needed to determine their eligibility for benefits. There is widespread concern among Social Security employees across the country that staffing levels in many offices are insufficient to deliver the quality of service that the public should have.

The agency should carefully assess how well it is serving this very vulnerable population, and make the training and staffing improvements that are needed to assure that individuals who need help in filing their applications receive it, and that their claims are handled expeditiously, fairly, and accurately. It should also undertake a careful assessment of the role that third parties are currently performing, including how their contribution can be improved, and develop strategies for increasing the participation of those entities that it finds can and will promote the best interests of the public.

Program complexity

Both SSA employees and SSI claimants and beneficiaries agree that SSI rules are overly complex. They are difficult to comprehend and difficult to administer. Complexity contributes to errors in payments, which can cause hardship and frustration for beneficiaries and further add to the agency’s workload.

We understand that the agency is planning to undertake a new effort to simplify SSI program rules, an effort that we strongly support.

We suggest as a first step consulting with employees in the field to identify rules and procedures that are requiring disproportionately large amounts of staff time to administer but have little impact on benefit determinations and do not require legislative change. Changes in rules and procedures in these less complex areas potentially could be implemented relatively rapidly and on an incremental basis.

Over the longer term, the agency should examine areas of greater complexity that involve more substantive change. An example is the SSI rules that apply with respect to living arrangements and in-kind support and maintenance. The law and many of the regulations governing this subject have been in place since the beginning of the program and they are regarded by many as inordinately complex. There are 186 pages of instructions that field office employees are required to follow on this subject alone. SSA employees have always had difficulty explaining the rules to claimants and have also found them difficult to apply. Although changes in policy area like this may be controversial because of their possible impact on individuals and program costs, we believe the agency should take the leadership in identifying the issues that are involved and proposing changes in regulations or law where it believes they are warranted.

An additional difficulty for employees in the field, beyond the complexity of the program itself, has been the complexity of the procedural instructions they have to follow. Currently, they must look in numerous places for teletypes, circulars, and emergency instructions. Consolidating these instructions would ease their task and possibly lead to fewer errors.

The disability determination process

In the early years of the program, the numbers of applications for Disability Insurance and for SSI disability were roughly similar. For more than the last decade, however, the number of SSI disability applications has exceeded those for DI. In 1998, there were 1.4 million SSI disability applications, compared to 1.2 million for DI.¹ As a consequence, the SSI program has a very large impact on the agency's disability determination process. This impact is magnified by the fact that taking an SSI disability claim is frequently more complex and time consuming than taking a claim for DI. For example, SSI applicants are less likely than DI applicants to have had regular medical treatment and thus a readily available medical history that can be used in determining whether they are disabled.

As mentioned above, in August 1998, the Board issued a report with recommendations on "How SSA's Disability Programs can be Improved." The report described the long-standing difficulties of administering the DI and SSI disability programs, including lack of consistency in decision making; unexplained changes in

¹ It is important to keep in mind, however, that many applicants for SSI also apply for Disability Insurance. Nearly a third of SSI disabled beneficiaries also receive DI benefits.

application and allowance rates, the complexity, slowness and cost of the application and appeals process; the lack of confidence in the system; and the fact that few beneficiaries are successfully rehabilitated so that they can become part of the economic mainstream.

The report included recommendations to address these problems, and urged the agency to give priority to the following five recommendation:

- Development and implementation of an ongoing joint training program for all adjudicators;
- Development of a single presentation of disability policy that is binding on all decision makers, including the updating of medical listings and vocational standards;
- Development and implementation of a quality assurance system that will unify the application of policy throughout the disability system;
- Improvement in the quality of medical evidence that is used in determining disability claims; and
- Development and implementation of a computer system that will provide adequate support to all elements of the disability claims process.

The Board also noted that “There is a critical need now to move forward a quickly as possible with the process of change.”

The response to the Board’s report by individuals throughout the disability system was highly favorable. We heard from State DDS directors and examiners, Administrative Law Judges, and staff in SSA Office of Disability. Based on the reports that we have heard, we believe there is widespread agreement that implementing the Board’s priority recommendations would substantially improve the disability determination process, making it fairer, faster, and more accurate. These objectives are clearly in the interest of individuals who apply for SSI benefits as well as the public at large.

As we noted in our report, carrying out the Board’s priorities is a difficult task that will require bold decisions carried out with resolve and dispatch. The agency has begun to put in place some of the resources that will be needed to update medical listings and to develop an ongoing disability training program, but progress in these and other priority areas has been slow. For example, there has been little tangible progress in developing a quality assurance system that will apply to all parts of the claims process. And we have been told that development of a computer system that can be used to support all elements of the process, including the Office of Hearings and Appeals, will take several years.

Again, we urge SSA to make these improvements in the disability process a priority of the agency and commit the resources that are needed to move forward quickly on these vital endeavors.

Helping individuals find and retain employment

Both the Administration and members of Congress have expressed support for legislation that would give disability applicants and beneficiaries greater access to rehabilitation and employment services and provide incentives to ease the transition between beneficiary status and employment.

Currently, despite the statutory work incentives of present law and despite the widespread acceptance of the principle that rehabilitation is an important objective, a relatively small proportion of beneficiaries are actually returning to work. In the SSI program about nine percent of the 3.6 million disabled beneficiaries between ages 18 and 64 have work activity. Earnings levels are modest. Nearly three-fourths of those working earn below \$500 a month, and about thirty percent earn \$65 or less. In 1998, out of the 3.6 million SSI disabled beneficiaries of working age, referrals to State Vocational Rehabilitation agencies led to only 6,775 successful rehabilitation resulting in work sufficient to qualify State agencies for reimbursement of the services provided.

There will be high expectations among both SSI and DI claimants and beneficiaries that the new legislation will result in a significant improvement in their ability to work. The Social Security Administration will face a significant challenge in meeting these expectations. The proposals that are being considered anticipate that much of the management and the actual provision of rehabilitation and employment services will be performed by sources outside the agency. But even if this is the case, the agency will have to perform certain critical functions if these new services are to succeed. The Administration and the Congress need to ensure that the agency will have the resources it needs to do the job. Being responsible for these services is a new role for SSA, and how well the agency performs this role will be critical to the outcome.

At the front-line level, Social Security employees who work in field offices and in teleservice centers will have to be able to explain the rules and the value of the services that are offered and provide information to help individuals evaluate service providers. To do this will require trained staff and additional staff time. Although SSA will likely contract with outside organizations to assist with these functions, the agency will retain responsibility for how well these information and referral responsibilities are performed.

The Board is aware that the agency is currently studying how it should carry out these responsibilities. One option that reportedly is being considered is to train a small corps of specialists in each field office. This may be the most efficient use of limited staff capacity and may be effective, particularly in the early months as the new services are being developed and put in place. But if the long-term goal is to involve a significant portion of applicants and recipients and to incorporate these services as an integral part of the Disability Insurance and SSI programs, it is difficult to see how the agency can ultimately avoid involving a large portion of its field staff in the effort. In addition, as more individuals who are receiving SSI benefits go to work, staff in field offices inevitably

will have to perform more postentitlement work to adjust benefit amounts to take account of variations in earnings.

As we have noted, field office staff are already hard-pressed to carry out their present responsibilities. Expanding these responsibilities would seem inevitable to require additional staff, unless there is a decline or leveling off of disability applications or a significant increase in productivity. However, over the coming decades the Office of the Chief Actuary forecasts an increasing, not declining, number of OASDI and SSI applications. Improvements in automation and new methods of service delivery should provide some help in the long term. However, individuals who work in the field are doubtful that these innovations will have a significant impact on the face-to-face work that is required to handle the Disability Insurance and SSI cases that dominate their workloads both now and in the foreseeable future.

SSA will also have the responsibility of developing a regulatory structure for the new program, establishing performance standards, and evaluating the impact and effectiveness of the services that are provided. In order to carry out these responsibilities the agency will have to develop a corps of well-trained and knowledgeable employees.

The importance of research and program evaluation

One of the goals of SSA's Strategic Plan is to conduct effective policy development, research, and program evaluation, and, as the Board has recommended, the agency has begun to strengthen its capacity to perform these important functions. Several new efforts by the agency should prove useful to policy makers in evaluating the SSI program and assessing the proposals for change.

In April 1997, the Board advised the agency that it should undertake a study of the impact of the 1996 legislation that revised the rules for determining SSI eligibility for disabled children. We recommended that the agency conduct case studies of a sample of the children affected so that policy makers would have objective information to evaluate the changes and to determine whether future policy changes should be made, and if so, what those changes should be. We expect to follow SSA's study closely, and we look forward to the analysis that will be forthcoming.

We applaud the agency's plan to evaluate the work it will be doing to help individuals find and retain employment. If carefully conceived and conducted, this evaluation can be a vital tool in promoting program effectiveness.

SSA has recently awarded grants to fund a new Retirement Research Consortium that will plan and conduct a research program to develop information that can be used in assessing retirement policy. The agency has also announced plans to establish a Disability Research Institute to help address the need for research in the disability area. As we noted in our January 1998 report on "Strengthening Social Security Research: The Responsibilities of the Social Security Administration," developing research centers such as these has the advantage of enabling the agency to call upon outside experts to conduct

research that the agency itself does not have the resources to conduct. But as we cautioned, the agency will have to ensure that the research that is carried out on its behalf is objective, balanced and directed to the needs of the agency rather than those of the individual researcher or the center that is performing the research. We urge SSA to make certain that the important research needs of the SSI program, along with those of the OASDI program, are addressed in these major research undertakings.

In addition, we urge the agency to monitor closely changes in the disability rolls (both SSI and DI) so as to be able to explain to policy makers why they are occurring and whether they provide the basis for new and alternative policies to address the needs of individuals with differing types of disabilities.

The SSI annual report

This third “Annual Report of the Supplemental Security Income Program” by the Social Security Administration provides a comprehensive review of program data. However, we believe it would be helpful if future reports would also provide the type of analysis of SSI program and administrative issues that SSA is uniquely capable of undertaking.

In October 1998, SSA issued a report on the management of the SSI program that described administrative initiatives that the agency has established to improve its stewardship of the SSI program. More recently, in March of this year, a report was issued on the management of the disability programs. Although these reports provide useful information on activities that the agency is undertaking that affect the SSI program and its beneficiaries, we believe that policy makers would find it helpful if the agency would use the SSI annual report as a forum in which it formulates and communicates its overall views of the program.

The SSI annual report should be more than a statistical report. In the future, the Social Security Administration should consider using it as a way of bringing to the attention of policy makers both the policy issues that it believes need to be resolved, and the difficulties the agency is encountering in administering the program. This is useful information that can help the Congress, as well as others within the Administration, to become better informed about the challenges SSA faces with respect to the SSI program, and the need to address them.

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