



SOCIAL SECURITY
Office of the Chief Actuary

July 26, 2012

The Honorable Xavier Becerra
House of Representatives
Washington, D.C. 20515

Dear Mr. Becerra:

We welcome the opportunity to assist in the process of exploring options for scheduling program integrity workloads. As you know, the Social Security Administration (SSA) has been encouraged at the opportunity to work down backlogs in this area with the help of funding in the Budget Control Act. Funding reductions will hamper those efforts, and result in increased program expenditures. The estimates we provide should be taken as just a rough order of magnitude, because precise effects would depend on how the SSA manages the reductions in funding and where cuts are concentrated.

Our current estimates for long-term program savings in benefits and payments to recipients from program integrity efforts is about a \$9 long-term program savings for each \$1 spent on medical CDRs, and about a \$6 long-term program savings for each \$1 spent on SSI redeterminations. Please note that the return is a little lower on redeterminations than in the past because the enactment of the ACA will allow many individuals who lose SSI status to retain Medicaid coverage. Given these relationships, we can provide the following approximate range estimates:

1. Assume 2013 funding for continuing disability reviews (both Title II and Title XVI) and Title XVI eligibility redeterminations was \$272 million, rather than its current (2012) level of \$757,484,000. With this reduction in funding for 2013 of about \$485 million, assuming that the funding levels assumed in all other years in our baseline estimates are unaffected, we would expect program benefit/payments to be between \$3 billion and \$4 billion more over the lifetime of those who would not be reassessed due to the reduced funding.
2. Assume 2013 funding for continuing disability reviews (both Title II and Title XVI) and Title XVI eligibility redeterminations was \$272 million, rather than \$1.024 billion, as provided for in the Budget Control Act of 2011 (P.L. 112-25). With this reduction in funding for 2013 of about \$752 million, assuming that the funding levels assumed in all other years in our baseline estimates are unaffected, we would expect program benefit/payments to be between \$5 billion and \$6 billion more over the lifetime of those who would not be reassessed due to the reduced funding.

Should funding for SSA program integrity efforts be reduced to the degree suggested here for 2013, we will need to work with others in SSA to determine exactly where cuts will be applied. At that point, we should be able to provide better estimates of the resulting increases in program cost.

Please let us know if we can be of any further assistance.

Sincerely,

A handwritten signature in black ink that reads "Stephen C. Goss". The signature is written in a cursive style with a large initial 'S' and a distinct 'G'.

Stephen C. Goss
Chief Actuary

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WASHINGTON, DC 20515

SUBCOMMITTEE ON SOCIAL SECURITY

July 25, 2012

Mr. Stephen C. Goss
Chief Actuary
Social Security Administration
Altmeyer Building Room 700
6401 Security Blvd.
Baltimore, MD 21235

Dear Mr. Goss:

I am writing to request an estimate of the total difference in program payments under both Title II and Title XVI of the Social Security Act you would expect in the future if

- 2013 funding for continuing disability reviews (both Title II and Title XVI) and Title XVI eligibility redeterminations was \$272 million (the level in the legislation recently reported by the House Appropriations Subcommittee on Labor, Health and Human Services, and Education), rather than its current (2012) level of \$757,484,000; or
- 2013 funding for continuing disability reviews (both Title II and Title XVI) and Title XVI eligibility redeterminations was \$272 million (the level in the legislation recently reported by the House Appropriations Subcommittee on Labor, Health and Human Services, and Education), rather than \$1.024 billion, as provided for in the Budget Control Act of 2011 (P.L. 112-25).

I understand that your estimates will be approximate, since the exact impact will depend on which program integrity work the Social Security Administration is forced to stop and whether the agency diverts resources from

direct service (claims processing, etc.) in order to do some of its required program integrity work.

Thank you very much for your assistance. Please contact Kathryn Olson or Morna Miller at the Social Security Subcommittee with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Xavier Becerra". The signature is fluid and cursive, with the first name "Xavier" and last name "Becerra" clearly distinguishable.

XAVIER BECERRA

Ranking Member

Subcommittee on Social Security