

# **SOCIAL SECURITY ADVISORY BOARD**

## **STATEMENT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM**

Public Law 104-193 requires that 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, 2000.

### **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 and the policies and regulations of the OASDI and SSI programs.

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; Dallas; New York City; Atlanta and Rome, Georgia; Fort Lauderdale; Miami; Kansas City, Missouri; Kansas City, Kansas; Chicago; Detroit; and Lansing. 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 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. The Board's most recent report, issued in September 1999, was entitled "How the Social Security Administration Can Improve Its Service to the Public."

The comments made by the Board in the 1998 and 1999 SSI annual reports have surveyed a wide range of issues related to the SSI program. This year there are two particular areas that we think the agency should focus on: (1) the need to do a better job of measuring the service needs of SSI claimants and beneficiaries, and (2) integrating SSI program integrity and quality of service.

### ***Measuring the service needs of SSI claimants and beneficiaries***

In our many discussions with SSA's employees in the field we have been impressed by their dedication to serving SSI claimants and beneficiaries. But in this report we would like to call attention to one important area in which the agency is not putting as much application and effort as the circumstances warrant. We believe SSA should pay much closer attention to measuring the service needs of this important portion of the population it serves and to using this information to improve the service that it provides.

In our visits to offices throughout the country, we heard from many of the agency's employees that they are uncomfortable with the fact that they are unable to provide needy aged and disabled individuals with what they regard as an appropriate level of service. They think that waiting times are often too long, interviewers are too pressed for time to provide the quality of assistance that is needed for filing a claim, and benefit determinations take too long.

### **The changing nature and growth in complexity of the SSI program**

At the beginning of 2000, about 6.6 million individuals were receiving Federally-administered SSI payments. The composition of the SSI population has undergone a fundamental change since the program began in 1974. At that time, nearly 60 percent of beneficiaries were aged. Over the years, the number of aged beneficiaries has declined significantly as more and more older people qualify for higher Social Security benefits. Today, the aged make up less than 20 percent of the SSI rolls and this percentage is projected to continue to decline.

Although only limited data on the characteristics of SSI claimants and beneficiaries are available, it is evident from statistics produced by the agency that the SSI population is diverse. Data for December 1997 indicate that about 19 percent of SSI beneficiaries were born outside the United States. More recent data (December 1998) indicate that about 10 percent of beneficiaries are noncitizens. The largest numbers of noncitizens come from Mexico (130,000), Cuba (49,000), and Vietnam (52,000). In fiscal year 1999, about 9 percent of SSI claimants reported that they prefer to use a language other than English.

From the agency's perspective, the challenge of serving the SSI population today is heightened by the fact that 91 percent of SSI applications are for disability benefits. SSA's data show that the agency will receive nearly 1.5 million SSI disability applications in 2000 and this number is projected to increase gradually over the next 25 years as the baby boom generation ages and becomes more likely to become disabled.

The number of SSI disability applications has exceeded the number of DI applications in nearly every year since 1985.

All SSI applications are complex in that they require determinations of an individual's income, resources, living arrangements, age, and citizenship, some or all of which may be very difficult to ascertain and may change over time. The complexity is compounded when the application is for disability benefits. Disability applications, whether they are for DI or SSI, are inherently difficult and time consuming to evaluate, involving the gathering of lengthy work and medical histories. As the result of court decisions and the agency's own regulations and Rulings, disability adjudicators increasingly must also apply subjective judgment, for example, in determining the weight that should be given to the opinion of the claimant's treating physician, or whether the claimant's allegations of pain are credible.

SSI disability applications often present special complexities. Many SSI applicants lack documentation of work or medical histories, requiring more work on the part of SSA and DDS employees to gather medical evidence and making judgments about whether these individuals are able to work more difficult. In 1998, 31 percent of disabled SSI beneficiaries had a diagnosis of mental disorder other than mental retardation, and an additional 27 percent had a diagnosis of mental retardation. Adjudicating these cases can require the use of much more subjective judgment than is required in the case of most physical impairments.

Nearly a quarter of all SSI disability applications are for children, which may add additional complexity both at the point of application and later, after the child is receiving benefits. Most SSI child beneficiaries (61 percent) receive benefits on the basis of a mental impairment. Children change rapidly over time, which means that their condition may need more frequent review than other cases. The law also 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. This can require tracking expenditures over time and can be a difficult and time-consuming task, particularly if parents do not understand the rules and lack proper records.

SSI claimants and beneficiaries often have complex service needs. As their circumstances change, they may report changes in income, assets, or living arrangements, all of which may affect their eligibility or the amount of their benefits. Changes in income occur frequently for many of the 6.4 percent of SSI disabled beneficiaries who work. If SSA does not adjust their benefits in a timely way, significant overpayments or underpayments may be made, which can cause serious inconvenience or hardship.

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 2000, Federal SSI administrative costs are expected to be about \$2.3 billion, or about 7 percent of the program's \$32.3 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 \$406 billion.

Although SSI will account for only about 7 percent of SSA's benefit outlays in fiscal year 2000, it will account for about 36 percent of the agency's administrative budget (as compared to about 47 percent for the Social Security programs and 16 percent for Medicare responsibilities). The proportion of SSA's administrative budget devoted to SSI has grown since the early years of the program. Twenty years earlier, in 1980, SSI accounted for only 27 percent of SSA's total administrative costs.

### **The need for a better understanding of the service needs of the SSI population**

This brief summary of data regarding SSI claimants and beneficiaries is provided to underscore the complexity of the task that the agency faces in trying to serve their diverse needs. We believe that the agency needs a much better understanding than it now has of the service needs and expectations of the SSI population. At the present time, SSA has very little data that it can use to identify its most serious service delivery deficiencies and determine what it should do to improve service.

For example, although the agency has some data that identify service satisfaction levels for the SSI population as a whole, it does not systematically collect and use data on the needs, expectations, or service satisfaction levels for large and important segments of the SSI population – the aged, the disabled, those who are working, disabled children, or those with specific types of impairments, such as mental impairments. It also lacks data that present a picture of client needs or satisfaction with specific aspects of the agency's responsibilities – performance in field offices, State disability agencies, or the Office of Hearings and Appeals. The agency also does not systematically get information on the views of its own employees regarding needs that are specific to the SSI population.

We believe that SSA could target its efforts and improve its performance much more efficiently and effectively if it collected data such as these and used them to drive its actions. We are pleased that the agency will be joining with the Board in cosponsoring a forum at which experts from the private sector will advise the agency on how it can improve its collection and use of customer service information.

Along with expanding and improving its measures of the service needs and satisfaction of SSI claimants and beneficiaries, SSA should make the development of a new and more accurate work measurement system a high priority for the agency. Because SSA's work measurement system is being used to allocate staffing for all regions of the country, it has a strong influence on how employees conduct their work. Employees naturally tend to perform work that is measured and for which they get credit, rather than work that is not measured and therefore is implicitly not valued.

Field employees who spoke to us about the current system universally described it as inaccurate and unfair. Among other problems, they believe that it fails to give appropriate credit for many SSI-related activities, particularly SSI postentitlement work.

They also view the system as tilted toward quantity and speed of work at the expense of quality and responsiveness to claimants' needs.

SSA has established a working group that has recommended numerous changes in the work measurement system. Many of the recommendations are complex and implementing them will require significant changes in computer systems. It will take strong leadership to give changes in the work measurement system the priority that they deserve within the agency. But work measurement, like measurement of client satisfaction, can undermine quality service if it is not carried out appropriately. And a system that is as widely criticized as the present work measurement system can only serve to undermine the confidence of the agency's own employees in the fairness of the agency's procedures.

There is a strong linkage between measures of client satisfaction and work measurement. Both of these measures are important drivers of behavior, affecting the day-to-day actions of individual employees as well as the priorities of the agency as a whole. These measures need to be developed in coordination so that they will reinforce each other and serve as consistent reminders of what the agency values as high quality service to the public.

### ***Integrating program integrity and quality of service***

Because of resource limitations and pressures to process work quickly, program integrity and serving the public are viewed by many within the agency as competing objectives. But program integrity is in fact integral to good service to the public. Certainly taxpayers who support the SSI program view it as good service if their tax dollars are accurately dispensed. Similarly, beneficiaries view it as good service if their payments are correct and they do not have the inconvenience or hardship of either overpayments or underpayments.

In fiscal year 1999, SSA processed 3.4 million SSI overpayments, more than twice as many as in 1990. Despite this large number of clearances, the number of SSI overpayments pending in field offices at the end of fiscal year 1999 was twice what it was at the end of 1990.

According to the agency's data, the SSI payment accuracy rate, measuring the accuracy of current, retroactive, and estimated future payments, increased from 93 percent in fiscal year 1997 to 93.9 percent in 1998. However, both of these numbers are below those reported in the earlier part of the decade. For example, in fiscal year 1991 the SSI payment accuracy rate stood at 96.2 percent.

The Board has talked with many in the agency, particularly in field offices, who are concerned about the integrity of the SSI program. The results of a survey of field office managers underscore the concerns that we have heard. The survey, conducted by the National Council of Social Security Management Associations, included 111 managers representing a cross-section of offices from all regions, ranging from large metropolitan

offices to small rural offices. While three-quarters of those responding rated the quality of their office's Social Security retirement and Disability Insurance claims work as good or excellent, half rated their SSI claims work as only fair or poor.

In our observation, many of the problems that can lead to inaccurate benefit payments stem from the fact that too often employees in the field lack the time they need to process their workloads with proper care. As one agency executive commented: "Employees no longer have the time to cross the t's and dot the i's."

There are many examples of this. For instance, overworked employees in field offices have told us that they sometimes do not pursue certain lines of questioning, such as the details of an individual's living arrangements, because it takes too long to resolve the issues that may be raised. Agency employees are not processing reports of earnings or changes in living arrangements as promptly as they should because interviewing claimants who are sitting in overcrowded waiting rooms is a higher priority. And many report that they do not have time to investigate properly the quality and reliability of the representative payees whom they assign to manage payments on behalf of beneficiaries who are physically or mentally impaired.

We have been told of similar concerns in State disability agencies, where examiners are pressed to meet processing times that make it difficult or impossible for them to gather all the evidence that is needed to make accurate and fully substantiated disability determinations.

We believe that both the employees who administer SSI and those who benefit from it would have a much more favorable view of both program integrity and quality of service if there were greater emphasis on preventing problems before they occur.

SSA conducts two types of reviews to catch errors in payments to SSI beneficiaries. It has made redeterminations of SSI non-disability eligibility factors a high priority, and over the last decade has been conducting between 1.5 to more than 2 million redeterminations a year. SSA also conducts reviews of the disability status of SSI beneficiaries. Until the last few years, the agency conducted very few of these reviews. In 1993, SSA processed only 12,000 SSI continuing disability reviews (CDRs). Legislation requiring additional CDRs for SSI beneficiaries and special earmarked funding enacted by the Congress in 1996 enabled the agency to increase this number to more than 500,000 in 1999. The agency has also supported expanded program integrity efforts by the Office of Inspector General, which has acquired increased resources and has significantly stepped up its investigations of fraud and abuse in the SSI program. In fiscal year 1999, the Office of Inspector General recovered or saved \$140 million as the result of its SSI investigative activities.

The agency is to be commended for these important efforts. We believe, however, that these efforts should go hand-in-hand with increased emphasis on careful handling of claims at the front end of the process.

As we indicated in our report on SSA's service to the public, there is always a danger that the pressure to meet processing time goals, because they are easily measured, will override program needs that are also essential but are more difficult to quantify, such as careful claims processing, adequate levels of training and review, and appropriate attention to client needs. The agency needs to take steps to achieve balance between better performance and workload processing so that program integrity and high quality service will be an integral part of all of the agency's work.

We understand that more careful interviewing, better training, and increased monitoring for quality will require additional resources in some if not many offices. This is an area where the agency needs the support of both the Administration and the Congress in order to ensure that its staffing needs are met. The agency should also examine what it can do to send a clearer message to employees that these activities are valued highly.

As indicated above, the agency should take steps to change its work and performance measurement systems to provide an appropriate balance between quality and quantity. For example, although fraud investigations can involve lengthy development in a field office, they are not counted as a separate work item under the agency's work measurement procedures. And if, as the result of a careful interview and thorough explanation of the rules, an individual decides not to file a claim, the incomplete claim is not counted, while completing a claim for someone who is clearly ineligible is counted as a work unit.

Quality, including accuracy, can also be enhanced by the use of technology. SSA is already expanding its efforts to match SSI data with data from other programs, such as unemployment compensation, child support enforcement, workers' compensation, and welfare programs. But the agency should also continue to give high priority to use of improved software programs that build in automatic quality measures, such as the Customer Help and Information Program (CHIP), which is now being used by teleservice center employees.

As we have urged previously, we believe SSA also needs to place high priority on implementing a computer system that can be used to support all elements of the disability claims and appeals process. This should improve payment accuracy while also speeding up processing times.

The agency is taking more and more claims by telephone and it is also exploring ways to increase the kinds of work that it can perform by Internet. Although these efforts to increase efficiency and reduce costs are needed and will expedite service delivery to many whom SSA serves, the agency needs to take great care to build in safeguards that will ensure program integrity. Many SSA and DDS employees have told the Board that they are concerned that the reduction in face-to-face contact with claimants, particularly in the SSI program, is increasing the likelihood of errors and of fraud and abuse.

SSA should also reexamine its quality assurance program. In the last few years, SSA has dramatically reduced the number of full time staff who work on the quality review of SSI workloads. At the start of fiscal year 1993, the agency had 325 individuals in the field who performed this work. As of the end of March of this year, the number had been reduced to 185 – a 43 percent reduction. We have heard from individuals who perform this work in the field that because of downsizing they do not have time to make the careful checks they think are needed. For example, they are relying more on telephone interviews to obtain information to verify accuracy rather than making home visits. In addition, the Board has been told that the quality review system does not function in a way that provides information about field office quality to its managers in the field. The agency should examine whether it would be helpful to keep employees in the field more fully informed about the nature and findings of the quality assurance work it is conducting, if only to reinforce to them the importance of the agency's commitment to quality work.

There are other problems as well. There is a widely held view in the field that SSA's quality assurance program for disability is not uniformly applied among the regions of the country, and that it is applied differently to cases at different levels of review. Employees in the field also think that it would be helpful if more information about SSA's quality assurance procedures and findings were shared with them so that they could use it to improve their operations. It is a matter of serious concern when SSA and State agency employees question the validity and usefulness of the quality measuring system.

Improvements in quality cannot rest only or even primarily on quality assurance and investigations of fraud and abuse, important as these activities are. While these efforts will discover serious systemic problems, they are not currently operating in a way that helps local offices improve the quality of their products. Quality needs to be built into work processes from the beginning, not just measured at the end. Downsizing and the accompanying reduction in the number of managers and supervisors have led to a decline in the amount of review, training, and mentoring in the field. Managers across the country have told us that the reduction in first-line supervision has raised questions about the quality of work that is being performed in their offices. Review, training, and mentoring will be increasingly important as SSA begins to hire large numbers of new employees to replace the experienced employees who will soon be lost to retirement.

## **THE SSI ANNUAL REPORT**

This fourth "Annual Report of the Supplemental Security Income Program" by the Social Security Administration provides a comprehensive review of program data. However, we continue to be troubled by the fact that the agency is not using its annual report to address broad policy issues.

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 1999, 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 a comprehensive overview of the program.

As we have stated previously, we believe that 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, the Administration, and the public 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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