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April 4, 2012

The Honorable Sam Johnson
Chairman
United States House of Representatives
Committee on Ways and Means
Subcommittee on Social Security
B-317 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Johnson:

Thank you for providing the National Council of Social Security Management Associations (NCSSMA) with the opportunity to answer written questions resulting from the January 24, 2012 oversight hearing on the Social Security Administration, Combating Disability Waste, Fraud and Abuse. The responses to the two questions you posed are attached below.

Please feel free to contact me if you would like additional information. Thank you again for the opportunity to appear before the Subcommittee, your interest in the vital services Social Security provides, and for your ongoing support of SSA.

Sincerely,

/s/

Stephen Clifton
NCSSMA President

**United States House of Representatives
Subcommittee on Social Security
of the Committee on Ways and Means**

**Responses Submitted for the Record
Stephen Clifton, President
National Council of Social Security Management Associations, Inc.
Hearing on Combating Disability Waste, Fraud and Abuse
January 24, 2012**

1. In your experience as a local office manager, what are the kinds of behavior you and your employees see in certain applicants that provide clues to possible fraud?

In SSA Field Offices, the possibility of fraud is pursued both at the time a claim for Social Security Disability (SSDI) or Supplemental Security Income (SSI) is filed, and after a claimant is receiving benefits. The following are some specific circumstances that may alert an SSA representative to possible fraud:

- During the initial application for SSDI or SSI benefits, a Claims Representative may record observations that are inconsistent with an alleged disability. For example, a claimant is observed walking without any assistance, has no complaints of pain, sat through a lengthy interview without complaint, and their alleged disability is severe back problems. These observations are recorded for the Disability Determination Services (DDS) to consider while gathering medical evidence to make their medical decision.
- Also during the initial application for disability benefits, the DDS may receive information from a medical source that the claimant is currently working. The DDS would refer this information to the Field Office to investigate and resolve possible work issues.
- For SSI eligibility, in addition to a claimant being found medically disabled, they must also have income and resources below certain statutory limits. The individual's living arrangement (such as where they live, who they live with, and whether they are living with a spouse), non-liquid resources that they own (such as property), and liquid resources (such as bank accounts) all affect eligibility for SSI payments. The complexity of SSI rules and regulations provide many opportunities for potential fraud. Examples of where fraud may appear include: recipients alleging they pay rent when they do not, statements that they are separated from their spouse who works, when they are not, and statements that they do not have property or financial accounts when they do.
- An SSDI beneficiary or SSI recipient may return to work and fail to report their earnings or conceal their earnings from work, which may indicate possible fraud. This work may demonstrate they have medically improved or are engaging in substantial gainful activity

that would cease or reduce the amount of their payments. Their SSI eligibility may also be affected due to receipt of income, acquiring resources, or living arrangement changes.

- To identify and combat potential fraud, SSA employees use the Access to Financial Income (AFI) program to discover resources. The AFI program allows our offices to electronically request and receive financial account information for SSI recipients. By automatically checking an applicant's or recipient's known bank accounts, and by systematically checking for unknown accounts with financial institutions in a given area, the AFI program helps the agency reduce many payment errors that were common in the past.
- Referrals of potential fraud from the public are received by SSA and OIG and sometimes yield determinations that affect eligibility to SSDI or SSI benefits.
- One of the most effective means of determining the accuracy of benefit payments and identifying possible fraud is the processing of program integrity workloads. This includes processing medical continuing disability reviews (medical CDRs) and SSI redeterminations (identifying SSI eligibility changes). These program integrity initiatives reduce opportunities for overpayments and fraud.
- Program simplification such as the Work Incentives Simplification Pilot (WISP) and SSI simplification would significantly improve program administration and allow for greater understanding by SSDI beneficiaries and SSI recipients.
- Finally, having a sufficient number of Field Office personnel allows sufficient time to explain complex program rules, develop, investigate and accurately process claims, and greatly reduces overpayments and program fraud and abuse.

2. The Commissioner has been focused on reducing the hearings backlog and progress has been made. In a 2009 report, the Government Accountability Office found that the Social Security Administration (SSA) did not have a systematic approach to identify and address unintended effects of the hearings backlog reduction plan. One of these effects is that the resources available for front line operations have not kept up with growing workloads. Has some relief been provided to those on the front lines in Social Security offices after receiving the agency's appropriation?

SSA is challenged by ever-increasing workloads resulting from aging baby boomers, complex programs to administer, and increased program integrity work with diminished staffing and resources. The resources available for front line operations in SSA Field Offices have eroded significantly.

SSA has lost more than 4,000 SSA and State Disability Determination Services employees in FY 2011, expects to lose more than 3,000 employees in FY 2012, and expects to lose more than 2,000 employees in FY 2013—a total loss of more than 9,000 employees in just three years. In FY 2013, the agency will have about the same number of employees as it did in FY 2007, even though workloads have increased dramatically.

By FY 2013, retirement and survivor claims will have increased by 30 percent and disability claims by 25 percent from FY 2007. The number of initial disability claims pending rose from 581,929 in FY 2007 to 759,023 in FY 2011. The number of pending initial disability claims is expected to increase to 861,000 in FY 2012 and to over 1.1 million in FY 2013.

Overall Field Office staffing has gone from about 31,000 employees in June 2010 to around 28,300 employees in February 2012—a nearly 9 percent decrease. Since SSA received its FY 2012 appropriation, some relief has been provided to those on the front lines in SSA Field Offices. This has been largely in the allocation of overtime hours to address critical program integrity workloads. Overtime in FY 2012 is being worked at a reduced level of approximately 2,125 work years.

SSA Field Offices operated under a hiring freeze in FY 2011. In FY 2012 minimal SSA hiring of 175 positions has been authorized for locations outside of ODAR. Of these new hires, 100 positions will be directed to the most stressed SSA Field Offices. This translates to a 1:27 replacement ratio for SSA Field Offices, which is insufficient to maintain adequate service levels to the public. The same employees that process program integrity workloads, also answer public telephone calls, take initial applications for disability and retirement benefits and process claims—core workloads that are not program integrity funded but do ensure the accuracy of payments.

There are a number of public service repercussions that are occurring due to the insufficient staffing levels in SSA Field Offices:

- Service to the public is deteriorating because of inadequate Field Office staffing levels. This manifests itself in increased waiting times in reception areas, higher telephone busy rates or unanswered calls, delays in claims processing, and backlogs in less visible post-entitlement workloads.
- As a result of this erosion of SSA service, public frustration continues to grow. This has translated into increased security incidents, and an increase in their severity, in SSA Field Offices. This includes personal threats against employees, physical violence in reception areas, verbal abuse, and threats against the government.
- Geographical staffing disparities have occurred and will increase as ongoing attrition spreads unevenly across the country. This leaves many offices significantly understaffed and targets for closure or consolidation.
- SSA has a highly skilled but aging workforce with more than 22 percent of its employees eligible for retirement. With offices struggling to address increased workloads with diminished resources, employees are choosing to retire in greater numbers. This loss of experienced personnel with institutional knowledge exacerbates the problem.
- Reduced SSA Field Office resources have a negative effect on program integrity and stewardship responsibilities. Resource constraints compromise SSA's ability to provide

attention to claims accuracy and beneficiary reporting responsibilities. This includes addressing quality initiatives and conducting critical training. In addition, reduced Field Office resources prevent timely processing of payment-changing events, which results in improper payments and insufficient time for quality case reviews and mentoring. SSA Field Office managers across the country indicate they receive complaints regularly from the public about the accuracy or timeliness of the work the offices process. These managers indicated that the number of quality case reviews performed in their local offices is insufficient to ensure an accurate and timely work product.

NCSSMA believes that a comprehensive SSA service delivery plan is necessary to help ensure balanced public service. While an SSA service delivery plan will not solve SSA's problems without the commensurate level of funding needed to implement solutions, it will help to identify the resources required to achieve established agency-wide benchmarks and goals for all workloads.

The prudent use of available resources is critical to the achievement of the best possible success for the agency. A comprehensive service delivery plan will also help to ensure that regardless of the method the public chooses to conduct their business with SSA, or the nature of the business conducted, the level of service provided will be delivered in a balanced and equitable manner.