

SSI Modernization Project Final Report of the Experts

From the report of the experts who served on the SSI Modernization Project, we are reprinting the "Summary of Options Preferred by the Majority of Experts" for each of the issues they identified followed by a table giving the cost estimates. We also have summarized the additional views submitted by several of the experts. For copies of the full report, contact the SSI Modernization Project Staff, 6401 Security Boulevard, Room 311, Altmeyer Building, Baltimore, Maryland 21235 or telephone (410) 965-3571.

The Social Security Administration (SSA) has undertaken a comprehensive examination of the Supplemental Security Income (SSI) program by reviewing its fundamental structure and purpose. The SSI program has been in operation for over 18 years. The purpose of the Project is to determine whether the SSI program is meeting the needs of the population it is intended to serve in an efficient and caring manner, recognizing the constraints in the current fiscal climate.

The Project involved 21 people who are experts in the SSI program and/or related public policy areas. The experts represent a wide range of interest regarding programs that serve aged, blind, and disabled persons. The Final Report is the product of some 14,600 public comments in response to the issues and options the experts published in the *Federal Register*, as well as oral and/or written testimony of more than 400 individuals and organizations leading to development of the issues and options.

The Final Report was published on September 4, 1992, with a 90-day period for public comment to the Commissioner of Social Security. The comment period ended December 3, 1992. The Project Staff is preparing an analysis of the options presented in the report, taking into account the experts' individual views and public comments. The analysis will be considered by SSA in developing legislative proposals as well as in determining regulatory and other initiatives that do not require legislation.

Although the individual experts differ on how far they want to go on program changes, and how fast to go, a majority of the experts concluded that there are four top priorities, each of equal importance, which should be addressed first. In no particular order, they are: increase the Federal benefit rates; stop counting as income, in-kind support and maintenance; increase the resource limits, while streamlining the resources exclusions; and increase SSA staffing.

I. Benefit Payment Issues

Federal Benefit Standards

Nearly all of the 20 experts who took a position on this issue view increasing the Federal benefit standard as one of the program's top priorities. A majority of these experts favors increasing the Federal benefit standard for an individual to 120 percent of the poverty guideline for one person and doing so in five equal annual increments.

At the same time, a majority of the experts also supports keeping the Federal benefit standard for a couple at 150 percent of the standard for an individual. They say that reducing the couple's standard to 135 percent of the individual's standard (the result of using 120 percent of the poverty guideline for a two-person family) would decrease benefits to some couples and ignore testimony concerning the fact that, even though people may live together, they cannot share expenses such as those for food or medicine.

The experts want to see the SSI [Supplemental Security Income] program live up to the vision of the 1972 report of the Senate Finance Committee. [The September 26 report stated that the legislation which established the SSI program would "create a new Federal program administered by the Social Security Administration, designed to provide a positive assurance that the Nation's aged, blind and disabled people would no longer have to subsist on below-poverty level incomes."] They feel a sense of urgency about assuring those who are aged, blind, or disabled that they will no longer have to live in poverty. The experts agree with public testimony that it is unfair to provide a benefit which keeps such an at-risk population poor and on the brink of homelessness; that it is a national responsibility to provide sustenance to these people who cannot provide it for themselves—and to provide it in a measure that affords dignity and security to each life.

SSI Modernization Report Experts

Elizabeth M. Boggs—the parent, guardian and representative payee (for Social Security) of an adult son with complex disabilities; she has been a volunteer advocate for people with developmental disabilities for more than 40 years.

M. Kenneth Bowler—Vice President, Federal Government Relations with Pfizer Inc. He was formerly Staff Director of the House Ways and Means Committee and is an Adjunct Professor at the University of Maryland, Baltimore. He is married and has four children.

A. Lorraine Brannen—District Manager, Social Security Administration (retired).

John Costa—Former Commissioner, U.S. Assistance Payments Administration.

Arthur S. Flemming—Former Secretary, Department of Health, Education and Welfare, has held many prominent posts including U.S. Commissioner on Aging and Chairman, U.S. Commission on Civil Rights. He currently chairs coalitions of national organizations serving as advocates in the areas of social security, health care, and civil rights.

Robert E. Fulton—an independent public policy analyst. He works part time for the Oklahoma Alliance for Public Policy Research and the National Center for Children in Poverty (Columbia University). He formerly served for 35 years in executive-level positions in Federal and State governments.

Lou Glasse—M.S.W., President of the Older's Women's League, is a consultant on policies and services for older people. She serves on the Board of Advisors of the Mildred and Claude Pepper Foundation and of the National Academy on Aging.

Sharon Gold—President, National Federation of the Blind, California.

Robert Gorski—Disability Advocate, City of Pasadena, California.

Arthur E. Hess—Former Acting Commissioner of Social Security and first SSA Director of Disability Insurance and of Medicare.

Chris Koyanagi—Vice President for Government Affairs, National Mental Health Association.

Carmela G. Lacayo—National Association of Hispanic Elderly, President and CEO.

Richard P. Nathan—Provost, State University of New York and Director of its Rockefeller Institute of Government, Albany, New York.

Barbara L. Sackett—parent of an adult daughter with developmental disabilities, and a professional in the field of developmental disabilities; she has been a volunteer advocate for people with disabilities for more than 30 years.

Samuel Sadin—Deputy Director, Brookdale Center on Aging of Hunter College, Institute on Law and Rights of Older Adults, New York.

Bert Seidman—was AFL-CIO Social Security Director from 1966 until his retirement in 1990. Since then he has been a consultant to the National Council of Senior Citizens. He has twice served on the Advisory Council on Social Security and more recently on the Prospective Payment Assessment Commission which deals with the hospitalization (Part A) phase of Medicare. One of his three daughters who is autistic and severely retarded has been in a State mental hospital for 30 years.

Timothy M. Smeeding—Professor of Economics and Public Administration, Maxwell School, Syracuse University.

Michael Stern—R. Duffy Wall and Associates; formerly Minority Staff Director, U.S. Senate Finance Committee.

Eileen P. Sweeney—Children's Defense Fund; formerly staff attorney, National Senior Citizens Law Center.

Fernando M. Torres-Gil—Professor, University of California, Los Angeles.

Elaine T. White—retired management analyst, Office of Child Support Enforcement, Department of Health and Human Services, and a former SSA employee.

Couples

Definition of spouse.—A majority of the experts supports the existing definition of a “spouse” (for purposes both of couples’ determinations and of spouse-to-spouse deeming)—with one exception. They say that the SSI program should not view a person as another person’s spouse simply because they hold themselves out to the community as such.

This majority favors continuing the concept of an individual and spouse, eligible or ineligible, as an eligibility unit, using the combined income and resources of both spouses. However, they are concerned that the “holding out” provision represents an unacceptable invasion of people’s personal lives and presents administrative complications under which establishing a common-law relationship can be beneficial.

Income exclusions.—All of the experts who expressed a view on this issue support giving each member of a couple a full set of earned income exclusions. They see this as an important adjunct of providing incentives for people to work, especially in helping compensate for the higher expenses of a working person who is aged, blind, or disabled.

State Supplementation

Reduction/termination.—Nearly all of the experts say that States should be permitted to reduce or terminate their supplemental payments once the Federal benefit standard reaches 100 percent of the poverty guideline; however, this should be coupled with grandfathering any current recipient who would otherwise experience a net benefit reduction. As part of this option, States would be required, for at least 3 years after reducing or terminating supplementation to use their “freed up” funds to provide other services to their SSI populations.

This large majority says that States should be allowed the flexibility to assume new roles with respect to their

needy populations and to use limited funds for purposes other than supplementation of SSI. These experts conclude that, once the Federal benefit standard reaches the poverty line, benefits in some States will move above local costs of living; therefore, other kinds of assistance for needy people may be more helpful than cash supplementation of the Federal benefit.

Federally administered variations.—A majority of the experts supports requiring each State whose optional supplementation program is administered by the Federal Government, by July 1, 1995, to (a) have no more than three living arrangement variations—not counting a supplementation level for persons subject to the \$30 payment limit, no more than six categorical variations (three each for individuals and couples), and up to three based on geographic distinctions; or (b) pay SSA for administering the supplementation program; or (c) administer its own program. They view the federally administered supplementation programs as having become overly complex and costly for Federal administration and say that an increased Federal benefit standard should reduce the need for so many variations.

Limited payment to residents of institutions.—All of the 19 experts who expressed a view on this issue support an increase in the current \$30 payment limit applicable to certain residents of medical institutions. These experts say the payment should be increased to a maximum of \$35, followed by annual cost-of-living adjustments rounded to the next higher dollar.

This majority of experts views an initial increase of \$5 as necessary recognition of ongoing increases in the costs of the comfort items for which the limited payment was intended. Thereafter, annual adjustments would keep the payment limit in alignment with living costs. They also say that applicability of the payment limit should apply as it does now: to persons experiencing lengthy stays in public or private medical treatment facilities

where the Medicaid program pays a substantial part of the cost of their care so that SSI should continue to fill in only in terms of personal incidentals not provided by the institution or Medicaid.

Accounting Periods

Prospective monthly period.—Almost all of the experts support use of a prospective monthly accounting period for purposes of determining SSI eligibility and payment amount. The experts want an SSI accounting period that is as responsive as possible to changes in recipients’ financial circumstances, that simplifies program administration, and that produces easily understood results in terms of eligibility and payment amount. They also want to protect Medicaid eligibility for those people affected by variations in the number of regular paydays per month. These experts conclude that, except for calendar-related income fluctuations which can occur under any kind of monthly system, a monthly prospective accounting period would meet all of the criteria more effectively than the present retrospective system.

SSI eligibility definition.—For as long as the existing monthly retrospective accounting period remains in existence, a majority of the experts concludes that SSI eligibility should be defined in terms of the combined Federal/State supplementary benefit level for those States where SSA administers the supplement.

Annual period simulation.—A majority of the experts, all of whom supports a change to monthly prospective accounting, also favors computer simulation testing of methods of annual accounting, beginning with a prospective annual period. They wish to determine whether an annual period might be justified as simpler and more understandable than a monthly or quarterly one.

Income fluctuations.—Almost all of the experts favor continuing Medicaid coverage when a calendar-related income

fluctuation causes loss of SSI eligibility. They see this as consistent with the statutory linkage between SSI and Medicaid, more equitable, and easier for the public to understand.

Income verification.—Nearly all of the experts also favor eliminating income verification in situations when such verification would not be cost effective. They say that this would be an administrative simplification with little financial risk attached if the criteria for cost effectiveness are carefully drawn.

II. Needs-Based Issues

In this chapter, the experts have made it clear that a majority favors the elimination of in-kind support and maintenance, including the reduction of benefits by one-third when a beneficiary moves into the household of a family or friend; and a majority favors an increase in the amount of resources people can retain—from \$2,000 for an individual and \$3,000 for a couple to \$7,000 and \$10,500, respectively—

while streamlining the resources exclusions. An elaboration of these and other views follows.

The \$20 Monthly General Income Exclusion

A majority of experts supports increasing the general income exclusion to \$30 and applying it only to unearned income. These experts believe that it will simplify the program to apply this exclusion only to unearned income, and the option to increase the earned income

Table I.—Benefit payment issues: Summary of options and cost estimates

Benefit payment issues, options, and costs	Cost (millions of dollars)					
	1993	1994	1995	1996	1997	
Benefit adequacy						
Increase the Federal benefit standard for an individual, in five equal annual increments, to 120 percent of poverty guideline. Keep the couple's benefit standard at 150 percent of that for individuals.	SSI program SSA administrative Medicaid	\$2,567 250 435	\$7,092 710 1,825	\$12,706 460 2,950	\$19,527 470 4,310	\$27,707 510 5,995
Couples						
Eliminate the concept of "holding out" in defining a spouse.	SSI program SSA administrative Medicaid	2 (1) (1)	3 (1) (1)	3 (1) (1)	4 (1) (1)	4 (1) (1)
Give each member of a couple a full set of earned income exclusions.	SSI program SSA administrative Medicaid	1 (1) 5	2 10 20	3 (1) 25	3 0 25	3 (1) 35
State supplementation						
Permit States to reduce or terminate supplements once the Federal SSI benefit standard reaches 100 percent of poverty. "Grandfather" extant supplementary levels for current beneficiaries. Require States, for at least 3 years, to spend "freed up" supplementation funds for other services to needy aged, blind, or disabled.	SSI program SSA administrative Medicaid	0 (2) 435	0 (2) 1,825	0 (2) 1,995	0 (2) 2,195	0 (2) 2,410
Require States by July 1, 1995, to have no more than three supplementary payment level variations based on living arrangements, six based on categorical distinctions, and three by geographic area; or pay SSA for the costs of administration; or take over administration of supplementation.	SSI program SSA administrative Medicaid	0 (2) 0	0 (2) 0	0 (2) 0	0 (2) 0	0 (2) 0
Payment limits for people in institutions						
Increase the payment limit to \$35, indexed annually, and rounded to the next higher dollar.	SSI program SSA administrative Medicaid	8 0 (1)	16 (1) (1)	20 0 (1)	23 0 (1)	27 0 (1)

See footnotes at end of table.

Table I.—Benefit payment issues: Summary of options and cost estimates—*Continued*

Benefit payment issues, options, and costs		Cost (millions of dollars)				
		1993	1994	1995	1996	1997
Accounting periods						
Change to prospective monthly accounting.	SSI program	(2)	(2)	(2)	(2)	(2)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(2)	(2)	(2)	(2)	(2)
Continue Medicaid coverage when SSI eligibility is lost solely due to a calendar-related income fluctuation.	SSI program	\$0	\$0	\$0	\$0	\$0
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
When it is not cost effective, do not require income verification.	SSI program	(2)	(2)	(2)	(2)	(2)
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	(2)	(2)	(2)	(2)	(2)
Define SSI eligibility in terms of income below the combined Federal/State payment level in States with federally administered supplements.	SSI program	4	5	5	5	5
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Test method(s) of annual accounting, beginning with prospective annual accounting, by running computer simulation(s).	SSI program	0	0	0	0	0
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	0	0	0	0	0

¹ Negligible.

² Unable to estimate.

exclusion [. . .] will prevent any person from being disadvantaged. These experts also believe that an initial increase in this exclusion will ameliorate the effects of inflation on the exclusion, but further increases are not needed in view of the option to increase the Federal benefit standard to 120 percent of the poverty guideline, as supported by a majority of experts. They stated that it is more important to increase the benefit rate than to exclude additional amounts of income, since the benefit increase will help those with the greatest need—those with no other income.

Interest and Dividends

Most experts support excluding from income an annual amount of \$200 of interest and dividends. This would encourage beneficiaries who have modest savings, and it would simplify administration of the program. The cost of this option would be limited by the \$200 ceiling on the exclusion; the ceiling also avoids a potential problem of a blanket exclusion which would provide the most help to those with the highest assets.

Parent-to-Child Deeming

Income formula.—A majority of experts supports the use of a single formula in all parent-to-child deeming situations. The formula should be that currently used when the parents have both earned and unearned income. This would avoid inequities which now occur due to the use of other formulas in some situations. It would also help to simplify the program and make it more understandable to the public.

Special expense deduction.—A majority of experts supports the option to deduct itemized special expenses of a disabled child before deeming parental income to the child. This would recognize that the parents incur unusual expenses related to the child's disability and money spent on such items is not available for the child's food, clothing, and shelter needs.

New treatment of certain income.—A majority of experts supports a change in the treatment of certain types of income received by parents when they are no longer able to work due to dis-

ability or unemployment. Such unearned income (for example, unemployment compensation, workers' compensation, and disability and survivorship social insurance benefits) should be treated as earned income.

Individual Indian Trust Income

Nearly all of the experts favor excluding up to \$2,000 per year (per individual) of income derived from individually held Indian trust land. This would protect those who receive small amounts of income from individually held trust lands on an irregular and unpredictable schedule. The amount protected would be consistent with a similar exclusion of cash under the Alaska Native Claims Settlement Act.

In-kind Support and Maintenance

A majority of experts supports, as a high priority, the elimination of in-kind support and maintenance from consideration as income. They believe the current provisions are harsh, demeaning, inequitable, an invasion of privacy,

Table II.—Needs-based eligibility issues: Summary of options and cost estimates

Needs-based eligibility issues, options, and costs		Cost (millions of dollars)				
		1993	1994	1995	1996	1997
Unearned income						
Increase the general income exclusion to \$30 and apply it only to unearned income.	SSI program	\$203	\$303	\$321	\$338	\$355
	SSA administrative	150	370	40	30	30
	Medicaid	260	935	1,105	1,280	1,475
Exclude from income up to \$200 annually of interest and dividends.	SSI program	3	4	5	5	5
	SSA administrative	0	(1)	0	0	0
	Medicaid	5	5	5	5	5
Adopt the current "earned and unearned" income formula for use in all parent-to-child deeming situations.	SSI program	11	15	15	15	16
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Deduct itemized special expenses of a disabled child before deeming parental income.	SSI program	10	15	17	18	20
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
In parent-to-child deeming, treat as earned income benefits intended to replace a parent's earnings (for example, unemployment, workers' compensation, and disability and survivorship social insurance benefits).	SSI program	18	27	29	32	35
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Exclude up to \$2,000 per year of income from individually held Indian trust land.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
In-kind support and maintenance						
Eliminate consideration of in-kind support and maintenance as income.	SSI program	600	1,003	1,066	1,122	1,178
	SSA administrative	60	170	0	-4	-4
	Medicaid	140	510	600	695	805
Resources						
Increase resource limits to \$7,000 and \$10,500 with fewer resource exclusions.	SSI program	55	191	215	236	257
	SSA administrative	40	100	10	10	10
	Medicaid	75	265	315	365	420
Change all periods for time-limited resource exclusions to 12 months.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Change the calculation of overpayments resulting from excess resources.	SSI program	3	3	3	2	2
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
In deeming parental resources, exclude \$2,000 for each ineligible child.	SSI program	7	11	12	13	14
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(2)	(2)	(2)	(2)	(2)

¹ Negligible.

² Unable to estimate.

subject to manipulation, and contrary to principles which most programs endorse (for example, support of the family unit, encouragement for voluntary assistance, and so forth). Additionally, they view the provisions as inordinately complex to administer. Many past efforts to ameliorate the problems have been unsuccessful and, in some cases, have added to the complexities. Elimination of in-kind support and maintenance from consideration as income is one of the four top priorities of most of the experts.

Resource Limits

A majority of experts supports increasing the resource limits to \$7,000 for an individual and \$10,500 for a couple, while eliminating most of the resource exclusions. The home, an essential car, business property essential for self-support, and household goods and personal effects would continue to be excluded. Assets not readily convertible to cash, such as real property, would not be counted. However, funds in a trust established with an individual's (or spouse's) own money, and funds in a trust established with judgment payments when the settlement order requires that the funds be made available for general needs, would be counted as resources.

These experts see these changes as making the program simpler and more equitable. The increased resource limits, with fewer exclusions, would more efficiently and effectively identify the truly needy among persons who are aged, blind, or disabled. Also, the increases in the resource limits would be sufficient to assure that currently eligible persons with resources which are excluded would not be made ineligible due to the elimination of the exclusions. These changes are among the top four priorities of a majority of the experts.

Time-Limited Resource Exclusions

Nearly all of the experts who expressed an opinion favor making all of the time-limited exclusions available for 12 months. This would recognize that there are certain situations in which

it is reasonable to allow individuals time to dispose of certain resources, and, at the same time, make the program easier for the public to understand and easier for field offices to administer.

Treatment of Excess Resources

Most experts support a change in the method for calculating overpayments so that the amount considered overpaid would never exceed the maximum amount that the person's resources exceeded the resource limit. This would alleviate an unreasonable effect of current rules which require that a beneficiary request and justify waiver of an overpayment amount in excess of the amount by which his/her resources exceeded the limit.

Parent-to-Child Deeming of Resources

A majority of experts supports a change in regulations governing deeming of resources from a parent to a child. The change would provide a resource allocation of \$2,000 per ineligible child in the household. This would recognize the parents' obligation to provide for needs of other children in the household.

III. Disability and Work Incentive Issues

Many persons who are truly disabled fail to qualify for disability benefits. Many who are on the disability rolls fail to have the opportunity of realizing their highest possibilities in the workforce.

The [proposed] changes in this chapter which are supported by a majority of the experts deal with both problems. They are designed both to add to, and to subtract from, the beneficiary rolls numbers of persons with disabilities.

The options that the experts favor on the definition of disability support both goals.

The experts favor a change in the definition of "substantial gainful activity" which the SSI [Supplemental Security Income] law requires as a test

of disability. This change would recognize that working persons are disabled if they are unable to work without support services such as on-the-job attendant care or job-related support services such as those furnished through transitional employment programs for persons with mental illness.

The experts want to encourage persons with disabilities to work. The present substantial gainful activity definition is seen as detrimental to that objective. These experts see it as highly desirable to encourage work, particularly on the part of persons with disabilities so severe that they are able to work only by virtue of special supportive services. The experts want to see these people qualify for, and continue receiving, disability payments until such time as their total income exceeds the SSI standard, assuming there is no medical recovery before that time. Therefore, they support encouraging persons with disabilities to use their abilities at work instead of encouraging them not to work.

In addition to the SSI change described above, a majority of the experts would like to see the Social Security Administration undertake a study of the feasibility of eliminating substantial gainful activity as a test of disability in both the SSI and Disability Insurance programs. In place of ability to work, they wish to see tested a disability standard based on inability to perform certain mental or physical processes in order to participate in major life activities, of which work may be one. Such a change in definition might add some persons to the disability rolls. This study should begin immediately and be completed as soon as possible.

Next, the preferred options deal with a consideration of the manner in which applications from disabled persons are handled. They are changes which, if adopted, would undoubtedly add persons to the beneficiary rolls.

A majority of the experts supports the view that claims interviews should be conducted initially by trained disability experts who are SSA field office employees rather than by State disability determination services interviewers

Table III.—Disability and work incentive issues: Summary of options and cost estimates

Disability and work incentive issues, options, and costs		Cost (millions of dollars)				
		1993	1994	1995	1996	1997
Disability						
Definition:						
Redefine "substantial gainful activity" in the SSI program to recognize that persons who need substantial support services in order to work are not performing substantial gainful activity.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Study the feasibility of: (a) eliminating use of substantial gainful activity in both the SSI and the Disability Insurance programs and (b) formulating disability criteria in terms of being disadvantaged in participating in major life activities.	SSI program	\$0	\$0	\$0	\$0	\$0
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	0	0	0	0	0
Claims process:						
Use specially trained field office disability experts to conduct initial disability interviews.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	-20	-20	-20	-30	-30
	Medicaid	(2)	(2)	(2)	(2)	(2)
Very young children:						
Develop appropriate criteria for assuming the existence of disability in very young children. Permit continued payment, based on an assumption, up to age 4, without creating an overpayment.	SSI program	8	31	35	38	42
	SSA administrative	0	10	0	0	0
	Medicaid	5	20	20	25	25
Appeal of decisions:						
In both the SSI and the insurance programs: (a) eliminate the reconsideration level of appeal and (1) provide opportunity for a face-to-face interview with the decisionmaker prior to issuing a disability denial.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Time limits on claims and appeals:						
Establish 90-day time limits which, if exceeded, would result in benefit payments not to be considered overpayments. Apply such limits to initial SSI disability determinations; completing cases at the administrative law judge level; and completing cases at the Appeals Council level. Study the effects after 4 years of experience.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Work incentives						
Seek legislation authorizing all of the following work incentives:						
(a) Raise the earned income exclusion to \$200 plus two-thirds of any remaining earned income.	SSI program	149	328	351	370	388
	SSA administrative	80	200	20	20	20
	Medicaid	140	510	605	695	805
(b) Eliminate continuing disability reviews triggered by work; defer scheduled medical reviews for 3 years after work begins.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	(1)	(1)	(1)	(1)	(1)

See footnotes at end of table.

Table III.—Disability and work incentive issues: Summary of options and cost estimates—Continued

Disability and work incentive issues, options, and costs	Cost (millions of dollars)					
	1993	1994	1995	1996	1997	
Work incentives—continued						
(c) Treat as earned income: unemployment compensation, workers' compensation sick pay, and similar benefits related to recent work activity.	SSI program	\$10	\$14	\$15	\$16	\$16
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	(2)	(2)	(2)	(2)	(2)
(d) Eliminate the time limit for completing a plan for achieving self-support.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	(1)	(1)	(1)	(1)	(1)
(e) Allow aged individuals to be eligible for all work incentives.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Simultaneous with the preceding option, conduct a national demonstration of its work incentives.	SSI program	0	0	0	0	0
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(2)	(2)	(2)	(2)	(2)
Grandfather demonstration policies for demonstration participants after expiration of the project.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Disregard deemed income of an ineligible spouse when determining continued Medicaid eligibility under section 1619(b).	SSI program	0	0	0	0	0
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	(2)	(2)	(2)	(2)	(2)
Require SSA to make a decision on a plan for achieving self-support within 30 days. If there is no decision within that time, assume the plan is acceptable.	SSI program	0	0	0	0	0
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	(2)	(2)	(2)	(2)	(2)
Require States which supplement regular SSI payments to supplement payments under section 1619(1).	SSI program	0	0	0	0	0
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	States	(2)	(2)	(2)	(2)	(2)
	Medicaid	(2)	(2)	(2)	(2)	(2)
Provide Medicaid under section 1619 to all working individuals.	SSI program	0	0	0	0	0
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	10	15	15	15	15
Provide SSI benefits for individuals who lose their social insurance cash benefits due to substantial gainful activity.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Do not permit States to count resources set aside under a plan for achieving self-support when determining Medicaid eligibility using their own rules.	SSI program	0	0	0	0	0
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(2)	(2)	(2)	(2)	(2)

¹ Unable to estimate.

² Negligible.

outstationed in field offices. These experts are convinced that it is sound procedure to equip the 1,300 SSA field offices with trained personnel who are able to deal with the full range of the SSA-administered income maintenance programs.

While conducting initial disability interviews in field offices is the procedure currently in use, the experts are concerned that the lack of adequate

staff prevents SSA from conducting indepth, high quality interviews with individuals who have disabilities.

A majority of the experts favors a requirement for a face-to-face interview before a claim at the initial level can be denied on the basis of disability. Such an interview can prevent the rejection of a claimant who is clearly eligible and would establish an essential step in providing due process.

The same majority of experts has paired the face-to-face interview prior to a denial with the elimination of the reconsideration level of appeal which would no longer serve a significantly useful purpose. An appeal of a denial after a face-to-face interview would go directly to an administrative law judge.

A majority of the experts concludes that SSA should develop appropriate criteria for assuming the existence of

disability in a very young child. These experts favor continuing payments based on such an assumption (until the child reaches age 4 or, if sooner, until a formal disability determination is possible) without creating an overpayment. These experts believe that early access to cash benefits and to medical care is essential in helping these children become adults who are, as much as possible, healthy and productive.

The experts are very much concerned with the current backlog of 762,000 disability cases. This is estimated by the President in his budget message for the fiscal year 1993 to be 1.4 million at the end of that year. The experts want to commend Commissioner King for the increase in the processing rate for these cases. However, if the estimate in the 1993 budget proves valid, they see it as a reasonable assumption that a doubling of the backlog would have a material effect on processing time.

The experts are aware that Commissioner King, in testimony before the Congress, has stated that prevention of the projected significant backlog increase would require the processing of an additional 500,000 claims. That, in turn, would take 5,000 workyears at a cost of \$500 million. This supports the experts' view [. . .] that the Social Security Administration staff should be increased, as a first step, by 6,000 people.

A majority of the experts believes that, if a claim on the basis of disability has not been decided within 90 days of filing, payments should begin. Such payments would not be regarded as overpayments should the applicant ultimately be found ineligible. The 90-day rule would apply to cases at the administrative law judge and Appeals Council levels of appeal as well.

Those favoring this option believe that it would encourage Congress and the Administration to obtain adequate staff, thereby preventing situations such as currently exist with large backlogs leading to significant delays in many claims for disability benefits.

Long delays often occur in appeals that are made to administrative law judges and to the Appeals Council.

These delays are frequently due to a lack of resources. The procedures should be examined very closely to see if they can be shortened without affecting the high quality of decisions made by administrative law judges and the Appeals Council. The experts pointed out that justice delayed can be justice denied.

The number of appeals and the time it takes to handle them should be affected favorably by the Secretary's policy on acquiescence. The Chairman has examined the agreement in the *Stieberger* case in New York dealing with the policy of acquiescence. He believes the Department was wise in entering into the court-approved agreement with the plaintiffs. He believes further that the agreement is consistent with the Secretary's policy and could be applied to the rest of the country.

In addition to the change in the definition of disability, experts discussed how people could ultimately earn enough income to leave the rolls by providing an increasing number of the beneficiaries with the incentives they need to join the workforce. Here are some of the options.

A majority of the experts favors beginning at once to seek legislation to provide expanded work incentives in the form of increasing the monthly earned income exclusion to \$200 plus two-thirds of dollars earned over \$200; eliminating continuing disability reviews triggered by a return to work even on a part-time basis, and deferring scheduled medical reviews for workers for 3 years after work begins; treating benefits received because of recent work activity (for example, unemployment compensation, workers' compensation, sick pay, and so forth) as earned income rather than unearned income; and eliminating the time limit for completion of a plan for achieving self-support and requiring action on a plan within 30 days or else the plan would be assumed to have been approved.

A majority of the experts also favors extending all work incentives to older persons as well as to the blind and disabled.

A larger majority of the experts supports conducting a national demonstration involving the work

incentives described above while legislative efforts are under way. Most of the experts also support permitting demonstration participants to retain their demonstration incentives when the project ends if new legislative provisions are not yet in place.

With respect to Medicaid coverage in all States, a majority of the experts supports mandating the disregard of income of an ineligible spouse when determining Medicaid eligibility under section 1619(b). A majority also supports requiring States using more restrictive eligibility criteria than those applicable to the SSI program to disregard resources set aside under a plan for achieving self-support. They also support the provision of Medicaid to all working individuals who are eligible under section 1619.

In addition, there is majority support for required supplementation, by States which supplement benefits to recipients of regular SSI benefits, of those who receive "special" SSI benefits under section 1619(a). Finally, a majority of experts supports provision of SSI disability benefits to workers who lose their social insurance disability benefits due to substantial gainful activity, provided they have not recovered medically and that they meet the SSI income and resources limits.

All of the preceding opinions further reinforce the experts' support of the proposition that it is good public policy to encourage persons with disabilities to work. The disability program should have written into it incentives, not disincentives, for work.

IV. Definition of "Aged" Issue

Sixteen of the eighteen experts who took a position on the definition of "aged" believe that the age requirement should be lowered from the current 65 to age 62 and that the change should be phased in, 1 year at a time, over 3 years.

This majority of experts sees lowering the age limit as creating greater consistency with the social insurance retirement program and making it possible to provide SSI [Supplemental Security Income] to older people who, though not technically disabled, have

Table V.—Agency service issues: Summary of options and cost estimates

Agency service issues, options, and costs		Cost (millions of dollars)				
		1993	1994	1995	1996	1997
Services						
Increase staffing (6,000 positions).	SSI program	\$0	\$0	\$0	\$0	\$0
	SSA administrative	280	297	315	335	356
	Medicaid	0	0	0	0	0
Place renewed emphasis on personal contact and individualized service.	SSI program	0	0	0	0	0
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	0	0	0	0	0
Outreach						
Establish specific funding for outreach by increasing the SSI administrative budget by at least 5 percent.	SSI program	(1)	(1)	(1)	(1)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Information and referral						
Adopt the expanded community liaison model.	SSI program	0	0	0	0	0
	SSA administrative	100	110	120	130	130
	Medicaid	(1)	(1)	(1)	(1)	(1)
Helping the homeless						
Provide emergency payments to homeless persons with severe mental illness.	SSI program	13	45	50	55	60
	SSA administrative	10	10	0	0	0
	Medicaid	10	35	40	50	55
Provide continued payment protection for all hospitalized individuals.	SSI program	31	43	46	48	50
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	(2)	(2)	(2)	(2)	(2)
Pay SSI benefits to individuals in public emergency shelters for the homeless without any time limit.	SSI program	(2)	(2)	(2)	(2)	(2)
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	(2)	(2)	(2)	(2)	(2)
Expand nationwide outreach services now being tested.	SSI program	(1)	(1)	(1)	(2)	(1)
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	(1)	(1)	(1)	(1)	(1)
Create backup mailing addresses for the homeless or mentally ill.	SSI program	0	0	0	0	0
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Medicaid	0	0	0	0	0
Representative payment						
Develop legislation mandating specific recruitment, training and monitoring of representative payees; provide reasonable compensation to nonrelative noncustodial payees out of administrative funds.	SSI program	0	0	0	0	0
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	0	0	0	0	0

¹ Unable to estimate.

² Negligible.

Table IV.—Definition of “aged” issue: Summary of options and cost estimates

Definition of “aged” issue, option, and costs	Cost (millions of dollars)				
	1993	1994	1995	1996	1997
Lowering the “aged” limit					
Lower the age requirement to 62, phased in over 3 years.	SSI program \$40	\$178	\$351	\$481	\$528
	SSA administrative (1)	10	10	10	(1)
	Medicaid 20	115	255	390	460

¹ Negligible.

found it necessary to stop working for reasons of health.

V. Agency Services Issues

Staffing

Adequacy.—All of the experts who took a position on this issue stated that one of their top priorities is an increase in SSA’s administrative budget to permit additional staff positions and related support (for example, training and equipment). These experts view an immediate increase of 6,000 positions as a reasonable first step toward adequate staffing. The experts believe that an increase in staffing would help to alleviate backlogs and allow SSA to better serve the public.

Services.—A majority of the experts believes that SSA should renew emphasis on personal contact and individualized service. These experts believe that this is badly needed by a large portion of the population which the SSI program is intended to serve. This would improve access to the program.

Funding for Outreach Activities

A majority of the experts expressing a view on this option favors establishing a specific funding stream to assure continuation of outreach activities. These experts believe that many potentially eligible elderly or disabled persons are not receiving SSI benefits. Outreach activities can help to remove barriers to filing for SSI benefits, and appropriations should provide funds for outreach activities. The experts believe that outreach should have specific

funding provided by an increase in the SSI administrative budget of at least 5 percent.

Information and Referral

Most of the experts expressing a view favor SSA’s use of the expanded community liaison model. The experts believe that SSA has a responsibility to refer individuals for services available from other agencies and organizations.

Helping the Homeless

Emergency payments.—A majority of the experts supports providing emergency payments to homeless persons who are severely mentally ill. Such payments are needed since these persons are not likely to stay in one place during the normal adjudication period.

Continued payment protection for hospitalized persons.—All the experts expressing a view on providing continued payment protection for hospitalized individuals favor elimination of the statutory requirements for a physician’s certification regarding the person’s anticipated length of stay and the requirement that the individual have expenses for maintaining a home. The experts support continuation of full payment for 3 months for all SSI beneficiaries who become hospitalized. This would help such beneficiaries to maintain a home or to secure a place to live upon discharge.

Public emergency shelters for the homeless.—All but one of the experts expressing a view favor paying SSI benefits to individuals in public

emergency shelters for the homeless without a time limit. These experts believe that elimination of the time limit would allow beneficiaries to continue living in emergency shelters and eliminate the need for a beneficiary to choose whether to remain at a shelter or to continue receiving SSI.

Expand nationwide outreach services.—Most of the experts expressing a view support expanding outreach services. The experts believe that outreach services for the homeless are needed as this population encounters numerous barriers to filing an application and obtaining documentation required to complete the application process and/or to provide necessary medical evidence.

Create backup mailing address locations.—All the experts expressing a view believe that when a homeless or mentally ill person files an application for SSI, SSA should ask for a backup mailing address. The experts believe that a backup mailing address would increase the likelihood that the beneficiary will receive his/her benefits.

Representative payment.—A majority of the experts supports development of legislation to strengthen the recruitment, monitoring and training of representative payees. A majority also stated that fees for representative payee services should be provided when the payee is neither a relative of the beneficiary nor a custodial institution. Such fees should be paid from the administrative budget—needy persons should not have to pay them from monthly benefits.

VI. Linkage of the SSI Program to Medicaid and the Food Stamp Program

Medicaid Linkage

Most experts favor a requirement that all States use both the SSI [Supplemental Security Income] eligibility criteria and Federal determinations of Medicaid eligibility. They believe that anyone who is eligible for SSI should have Medicaid coverage as part of a total benefit package. They also believe that people should receive this coverage automatically. Mandated use of the SSI criteria with automatic determinations of eligibility would achieve this goal; people would no longer have to work their way through another governmental system in order to be covered for Medicaid.

Food Stamp Linkage

Applications.—A majority of experts supports having Social Security offices complete short-form food stamp applications for all interested SSI claimants. This would help to assure that all interested persons establish, on a timely basis, their intention to apply for food stamps while simplifying the administrative difficulties which SSA and food stamp applicants encounter under the current process.

Eligibility.—A majority of experts supports eliminating categorical eligibility of SSI recipients for food stamps at such time as the Federal benefit standard for SSI reaches the poverty line. This would eliminate expenses (for the guaranteed minimum food stamp allotment and related administrative costs) which they believe

are unreasonable since most SSI recipients would be receiving sufficient cash benefits under the SSI program to enable them to purchase food. At the same time, it would not prevent those SSI recipients with significant excess shelter or medical expenses from qualifying for food stamps under the regular rules of the Food Stamp program.

VII. Program Review Issue

A majority of the experts supports SSI [Supplemental Security Income] program review by a separate Advisory Council. They conclude that such a level of separate review would increase the overall effectiveness of the program.

Table VI.—Program linkage issues: Summary of options and cost estimates

Program linkage issues, options, and costs		Cost (millions of dollars)				
		1993	1994	1995	1996	1997
Medicaid						
Require all States to use SSI eligibility criteria and mandate Federal determinations of Medicaid eligibility.	SSI program	\$0	\$0	\$0	\$0	\$0
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	1,590	1,750	1,915	2,110	2,315
Food Stamp						
Social Security offices to complete a short-form food stamp application for all interested SSI claimants.	SSI program	0	0	0	0	0
	SSA administrative	(2)	(2)	(2)	(2)	(2)
	Food Stamp	1	1	1	1	1
	Medicaid	0	0	0	0	0
Eliminate categorical eligibility for food stamps when the SSI benefit standard equals or exceeds the poverty line.	SSI program	0	0	0	0	0
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Food Stamp	-870	-1,300	-710	-740	-780
	Medicaid	0	0	0	0	0

¹ Negligible.

² Unable to estimate.

Table VII.—Program review issue, option, and costs

An Advisory Council level of review		Cost (millions of dollars)				
		1993	1994	1995	1996	1997
Establish a separate Advisory Council on Supplemental Security Income.	SSI program	\$0	\$0	\$0	\$0	\$0
	SSA administrative	(1)	(1)	(1)	(1)	(1)
	Medicaid	0	0	0	0	0

¹ Negligible.

VIII. Additional Views

Several experts submitted statements that they requested be published with the Final Report. A summary of those statements appears below.

Cost-Neutral Proposal for Restructuring Benefits and Improving Administration

One expert provided a statement that spoke to the projected increase in Federal program costs if all of the options supported by a majority of experts are adopted. The expert provided a list of important things that could be done within specified cost limits. The list includes staffing increases and relatively inexpensive program simplifications that a majority of experts supported.

In addition, this expert noted that perhaps the most complex administrative task in the SSI program is determining the existence and value of in-kind support and maintenance. However, the expert stated that the elimination of this program requirement with no other program changes would be costly and would fail to recognize that the needs of a person living in quarters with someone else are lower than those of a person living alone.

To deal with this, the expert submitted a proposal for a cost-neutral restructuring of SSI benefits and improvement of program administration. In general, any SSI recipient living in the same quarters as another person who is an adult would receive a payment based on 75 percent of the standard for an individual living alone, and the in-kind support and maintenance rules would be eliminated. The new rules would apply immediately to new recipients. The proposal contains protections to assure no reductions in payments due to restructuring for persons already on the rolls at the time the proposal is adopted.

The expert noted that it would take some years for the restructuring to be fully effective. In the first 2 years, the savings stemming from the proposal would be applied largely to staffing increases and program simplifications.

Beginning in the second year, any additional savings would be devoted to increasing the SSI payment levels beyond the annual cost-of-living increases and at the same time as those increases. The expectation is that SSI payment levels could be increased about 11 percent over a 4-year period from fiscal year 1994 to fiscal year 1997. By the end of that time, substantial progress would have been made in increasing SSI payment levels to the Federal poverty level.

Definition of Disability

One expert submitted a statement in support of modernizing the definition of disability for the social insurance disability program as well as for SSI. The expert urged use of functional measures of mental/physical impairments, not substantial gainful activity, to define disability in both the SSI and the social insurance programs.

This expert pointed out that this is essentially what SSI already does in determining childhood disability, as well as blindness, and said it should be viewed as important to have a better parallel between the SSI and social insurance programs in order to deal equitably with the "notch" effect. This effect, which occurs under current rules when a social insurance program beneficiary (under title II) works, is as follows. So long as the beneficiary's earnings are below the substantial gainful activity level, there is no reduction in insurance benefits. However, if the beneficiary completes a trial work period and begins to work at a level that constitutes substantial gainful activity, the person loses all social insurance cash benefits rather than encountering a gradual reduction as would be the case under SSI.

The expert also proposed that the disability determination process be used to gather and record data about the nature and extent of functional impairments of individuals who qualify as disabled under SSI or Social Security Disability Insurance. The expert said that the processes in place for

determining the extent and severity of functional impairments readily lend themselves to also identifying the extent of need for personal or other ongoing assistance of a nonmedical nature, and three levels could be established: Most severe, very severe, and severe. The expert also proposed that consideration be given to establishing Federal supplements for persons determined to meet the most severe and very severe classifications.

Costs and Priorities

Five experts submitted a joint statement. They expressed hope that the report will increase significantly the attention given to the SSI program. They voiced concern over the cost impact on all levels of government if all options were adopted. Given the present fiscal situation and other urgent national needs, they suggested "a more deliberate approach which would treat increases in benefit levels beyond 100 percent of the poverty guidelines as a longer-range goal and move to the top of the agenda for short-term action lower-cost changes which will improve equity, simplify administration, improve understanding of the program. . . , and promote self-help efforts by recipients and their families."

These experts suggested that the short-term goals should include: Staffing improvements; elimination of significant administrative complexities (for example, changes in treatment of interest income and resources, with moderate increases in the resource limits); provisions of stronger work incentives; and elimination of benefit reductions due to in-kind support and maintenance. The experts proposed development of a plan for gradual increases in benefits and expansion of eligibility for benefits. They suggested, as an example, that annual increases covering changes in the cost of living plus 2 percentage points could bring benefit levels close to the poverty line by the early years of the 21st century while being more realistically accommodated within the Federal budget.