

The National Council of Social Security Management Associations, Inc.
GREYSTONE GROUP WASHINGTON REPORT
Legislative Report 11-2012
August 6, 2012

Overview

On Wednesday, July 25, 2012, the U.S. House Committee on Ways and Means Subcommittee on Human Resources held a hearing on the use of technology to improve the administration of the Supplemental Security Income (SSI) program's financial eligibility requirements.

Five witnesses were asked to testify on a single panel. The written testimony of each of the witnesses can be viewed by clicking on the respective links below:

Panel

Carolyn Colvin
Deputy Commissioner, Social Security Administration

[Testimony](#)

Patrick P. O'Carroll, Jr.
Inspector General, Social Security Administration

[Testimony](#)

Paul Soczynski
Director of Government Services, Accuity Solutions

[Testimony](#)

Marty Ford, Director
Public Policy Office, The Arc of the United States

[Testimony](#)

Douglas Besharov, Ph.D.
Professor, School of Public Policy, University of Maryland

[Testimony](#)

The following Members of Congress attended the hearing:

Chairman Geoff Davis (R-4th-KY)

Representative Erik Paulsen (R-3rd-MN)

Representative Rick Berg (R-At Large-ND)

Representative Tom Reed (R-29th-NY)

Representative Tom Price (R-6th-GA)

Representative Diane Black (R-6th-TN)

Ranking Member Lloyd Doggett (D-25th-TX)

Representative John Lewis (D-5th-GA)

Hearing Background Provided by the Subcommittee

The Supplemental Security Income (SSI) program is the nation's largest Federal means-tested cash assistance program and is administered by the Social Security Administration (SSA). Unlike the Social Security Disability and Retirement programs, which require sufficient past employment covered by Social Security payroll taxes for eligibility, the SSI program pays benefits to disabled and elderly individuals who currently have limited income and assets, regardless of prior work history, using general revenue funds.

In 2012, the SSI program provides monthly cash payments up to \$698 per individual or \$1,048 per couple, which typically includes eligibility for Medicaid to cover health expenses. In December 2011, SSI provided cash assistance to more than 8.1 million children, adults, and aged individuals at an annual cost of over \$49.5 billion, not including Medicaid expenses. According to the SSA actuaries, the SSI program is expected to grow by one million recipients in the next decade, with the largest growth coming among those over the age of 65.

Since the program was created in 1972, SSI has applied financial eligibility requirements to all recipients, primarily in the form of monthly income and asset tests designed to ensure that individuals do not have significant current income or assets on which they should depend before turning to the program for support. For income, an individual's actual monthly benefit is determined by taking the Federal SSI benefit and subtracting countable wages and other income received during a month (generally up to \$1,481 per month for an individual with income only from wages). If countable income is not reported in a timely manner, it can cause an overpayment that is typically recovered from an individual's future benefits. Separately, a recipient's assets must remain below \$2,000 for an individual or \$3,000 for a couple to maintain eligibility. Like income, certain items are countable, such as cash, liquid assets in a bank account, or property that can be sold; other assets are not counted, such as the value of a primary residence, car, or burial plot.

The administration of these financial eligibility requirements can be difficult and error-prone if done manually and based on recipient-reported data. For FY 2011, the SSI program had a 9.1% error rate, representing \$4.6 billion in improper payments. To address this longstanding issue, SSA continues to look for ways to use technology to reduce error rates. This includes automated processing such as its Access to Financial Institutions (AFI) project, which attempts to confirm asset data reported by recipients with actual financial institution records. Through this and other automation efforts, SSA is expected to achieve significant program savings and has already reduced the SSI error rate by 17 percent in the last two years, even as overall benefit outlays have increased.

In announcing the hearing, Chairman Geoff Davis (R-4th-KY) stated, **"The SSI program provides important financial support for low-income families with disabled children, disabled adults, and aged individuals. Especially in a restricted financial environment, we need to ensure SSA is using technology to its fullest to administer these benefits in an automated, reliable, and efficient manner. This hearing will review what progress SSA has been making on that front,**

which is essential to targeting limited taxpayer resources to those with the most financial need.”

Opening Statements

The opening statements of Chairman Davis and Ranking Member Doggett can be accessed by clicking on the respective links below:

Subcommittee on Human Resources Chairman Geoff Davis (R-4th-KY)

<http://waysandmeans.house.gov/News/DocumentSingle.aspx?DocumentID=304627>

Subcommittee on Human Resources Ranking Member Lloyd Doggett (D-25th-TX)

<https://research.zecco.com/research/quotes/stock-news/story.asp?key=100-208x1815-1>

Panel Opening Statements

Following opening statements from Chairman Davis (R-4th-KY) and Ranking Member Doggett (D-25th-TX), Carolyn Colvin, Deputy Commissioner, Social Security Administration, presented her oral remarks. Deputy Commissioner Colvin began by noting that SSI turns 40 this year, and although SSA has used many technologies to administer the program, the basic design has stayed largely unchanged. Deputy Commissioner Colvin added that SSI is very difficult to manage in-part because of the almost constant addition of new rules and regulations from both Congress and the courts.

Deputy Commissioner Colvin stated that one of the primary and most successful tools in determining financial eligibility, or lack thereof, for the SSI program, is redeterminations. Redeterminations help to identify changes in eligibility, and save six dollars for every dollar spent. Deputy Commissioner Colvin noted that another key in helping SSA determine SSI eligibility is data analytics. This allows the agency to use predictive models to help prioritize program integrity workloads. Deputy Commissioner Colvin also noted that predictive modeling helped SSA save \$1.2 billion in 2010, which is more than would have been saved simply by random sampling.

Additionally, another very helpful initiative has been the Access to Financial Institutions (AFI) project, which allows SSA to electronically verify bank account balances, noted Deputy Commissioner Colvin. This has been a very useful tool in helping SSA verify that the right people get paid the right amount.

Technology can also make it easier for beneficiaries to comply with SSA’s program rules, indicated Deputy Commissioner Colvin. One example is SSA’s telephone wage reporting system. This system, stated Deputy Commissioner Colvin, allows individuals to update their wage amounts over the phone, and correct their SSI amounts before they are overpaid. This telephone application has a simplification feature which updates SSA’s records, with little or no employee attention. SSA is also now creating similar wage reporting instruments for internet and smartphone users, added Deputy Commissioner Colvin.

Another best practice that Deputy Commissioner Colvin highlighted in her statement was the sharing of data across government agencies and departments. SSA has found that data matches are critical in determining when beneficiaries have not reported changes. SSA is always looking to improve data matching to help determine if proper payments are being made, added Deputy Commissioner Colvin. In closing, Deputy Commissioner Colvin emphasized that all this hinges on resources, and she urged the Subcommittee to support the President's Fiscal Year (FY) 2013 SSA budget request.

Next to testify was Patrick P. O'Carroll, Inspector General, Social Security Administration. Inspector General O'Carroll began by stressing the importance of data matching and electronic records as effective tools to ensure payment accuracy. One such initiative is the AFI project, which the Inspector General's Office suggested years ago, noted O'Carroll. AFI allows SSA to receive data directly from financial institutions, rather than relying on information from the beneficiaries. This helps reduce problems with self-reporting, or the lack thereof, which is the largest reason for payment errors, added Inspector General O'Carroll. The AFI initiative is now in all 50 states, and the agency expects around \$900 million in program savings each year it uses AFI.

Additionally, the SSA Inspector General's Office has recommended that SSA should expand the use of electronic databases to verify all property and assets, stated O'Carroll. Last year the office estimated that SSA made improper payments of around \$2 billion because beneficiaries did not properly report the ownership of property to SSA, added Inspector General O'Carroll.

SSA is also working to collect transactional level data from foreign ATMs, which can help to identify eligible individuals who have been outside the United States for more than a month. The Inspector General's Office has also made numerous other data matching recommendations, in areas such as marital status and vehicle ownership, just to name a few, stated Inspector General O'Carroll. In closing, Inspector General O'Carroll stressed that it is important SSA makes sure all SSI payments are correct and on-time, as SSI recipients rely on these payments and it is crucial in maintaining the integrity of the program.

Following Inspector General O'Carroll, Paul Soczynski, Director of Government Services, Accuity Solutions presented his statement. He began by mentioning that Accuity is the "trusted source of information for and about banking institutions," and is the official registrar of the American Bankers Association U.S. routing and transit codes. Accuity Solutions designed the asset verification program, AFI. Accuity did so, stated Mr. Soczynski, with three main components in mind. First, a secure automated gateway between SSA field offices and United States banking institutions for the electronic processing of asset verification requests and responses; second, a comprehensive and accurate database of registered financial institutions participating in the asset verification program; and lastly a web-based transmission service used to speed the routing of information and optimize the detection of undisclosed financial assets. Following a successful pilot run in all New York, New Jersey, and California field offices, a national roll-out of the system took place in July 2010, stated Mr. Soczynski. As of June 2011, all 50 states were now participating in the AFI initiative, added Mr. Soczynski.

Next to present was Marty Ford, Director, Public Policy Office, The Arc of the United States. Ms. Ford began by noting that SSI cash benefits, along with the related Medicaid benefits, are the means of survival for over eight million individuals with severe disabilities. SSI benefits also play a central role in helping people with significant disabilities live in the community, rather than in restrictive, costly institutions, added Ms. Ford. Ms. Ford stated that SSI applicants and beneficiaries are under tremendous financial stress when they apply for SSI. Additionally, when they receive SSI benefits, the maximum benefit level pays \$698 per month, which is only about 75 percent of the federal poverty level for an individual.

The Consortium for Citizens with Disabilities (CCD) Social Security Task Force generally supports SSA's efforts to improve the disability claims process, so long as it does not infringe on claimants' rights, stated Ms. Ford. One thing to remember, Ms. Ford added, is that many SSI applicants and beneficiaries lack electronic access to SSA or may not be able to understand or navigate electronic communication. For example, a recent Department of Commerce study found that 46 percent of households headed by a person with a disability did not have a computer at home, compared to 20 percent of homes where the head of the household had no disability.

Ms. Ford provided a few recommendations from the CCD Social Security Task Force that would help to improve the SSI program:

- 1) Provide adequate administrative resources for SSA.
- 2) Use enhanced automation to improve customer service and outcomes for beneficiaries.
- 3) Ensure continuation of the Work Incentives Planning and Assistance (WIPA) and Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs.
- 4) Update the SSI asset and savings limits.
- 5) Support demonstrations that would benefit concurrent beneficiaries.

Last to present was Dr. Douglas Besharov, Professor, School of Public Policy, University of Maryland. Mr. Besharov began by noting that he agrees with the previous speakers on a number of fronts including the need to move forward with data matching and modernization of the SSI program. One real concern Dr. Besharov stressed was that in programs like SSI, the process of determining eligibility has become so expensive that many states end up doing less eligibility checking. Really the main emphasis, Dr. Besharov stated, of the hearing's discussion, is how to conduct more efficient and effective eligibility determinations. One way of reducing the "gray" area when it comes to eligibility determinations is through automation, noted Dr. Besharov.

Question and Answer

Following the oral statements by the witnesses was the question and answer session between members of the Subcommittee and the witnesses. The following section details some of the key exchanges of this session.

The first question was asked by the Chairman of the Subcommittee, Representative Geoff Davis (R-4th-KY). Chairman Davis asked the panel if any of the issues or solutions talked about in the hearing so far were unique to the SSI program versus other programs. Mr. Soczynski answered that “no,” neither the issues nor the solutions talked about were unique to the SSI program. Thus, stated Mr. Soczynski, there is some practicality for the use of technologies discussed across many different government programs. Dr. Besharov added that he agreed with Mr. Soczynski, but noted that states share the cost of determining eligibility, but not the cost of the program, thus setting up a system that deters states from allowing eligibility because of increasing costs. Dr. Besharov stated that there are differences in rules across programs. The combination of increasing costs and differing rules sets up a scenario that could result in states “gaming” the system. These incentives that are built into the systems create distortions that we all should be uncomfortable with, noted Mr. Besharov.

Chairman Davis also asked Deputy Commissioner Colvin and Inspector General O’Carroll if they have asked about, or seen, any similar efforts with or between agencies to streamline processes similar to what is happening with SSI. Deputy Commissioner Colvin answered that there is a great interest in technology, automation, and creativity, between and within agencies, as well as with the states. Inspector General O’Carroll also answered, stating that it is very important for SSA as well as other agencies and departments to all work together on innovation and automation. One of the things that is woven throughout are the matching agreements between agencies, added Inspector General O’Carroll.

Ranking Member Lloyd Doggett (D-25th-TX), asked the panel what the impact will be on reducing waste, fraud, and abuse, of the House Labor-HHS-Education Appropriations Subcommittee cutting \$1.0 billion from what the President requested for SSA administrative expenses, in Fiscal Year (FY) 2013. Deputy Commissioner Colvin responded that there is going to be a severe impact within the agency. Specifically, it will severely impact SSA’s program integrity workloads. The bill coming out of the Labor-HHS-Education Subcommittee greatly reduces funding for program integrity workloads, from \$756 million in FY 2012 to \$272 million in FY 2013, noted Deputy Commissioner Colvin. This will result in service to the public taking longer, and the level of service not being what SSA has been able to provide in the past, stated Deputy Commissioner Colvin.

Ranking Member Doggett asked Ms. Ford about the Work Incentives Planning and Assistance (WIPA) program, which is about to expire, and the impact it would have if it were not renewed. Ms. Ford answered that the grants from WIPA, if not available, would negatively impact many individuals that want to leave the rolls, but need some level of assistance to do so.

Representative Erik Paulsen (R-3rd-MN) asked Inspector General O’Carroll if there are any other ways to determine if an individual's circumstances have changed to the point where they may no longer qualify for SSI, besides through self-reporting. Inspector General O’Carroll responded that one thing that his office has recommended is that SSA look at its own records, such as the Master Earnings File, and compare that against recipients to see if they are showing income changes. Another possible way of doing it is by working with the IRS and states to find and

check additional income, added Inspector General O'Carroll. Again, data matching is and can be very helpful in this area, stated Inspector General O'Carroll.

Representative John Lewis (D-5th-GA), asked Ms. Ford what SSA can do to try and get individuals who are on the rolls, back to work. Ms. Ford answered that SSA can update the SSI asset and savings limits so individuals are not hitting up against those complexities every time they earn just a little bit of money. Also, the program needs to simplify work incentives, stated Ms. Ford.

Representative Lewis next asked the panel if there are ways to simplify the SSI program, apart from new technologies. Deputy Commissioner Colvin responded that she did not have an immediate response, but would be willing to work with Congress and the Subcommittee on the issue. She also noted that each time a change is made to the SSI program; it makes the program more complex. Ms. Ford responded that a work incentive simplification program would help those people who are concurrent beneficiaries of Title 16 and Title 2, who want to work.

Representative Rick Berg (R-At Large-ND) asked Inspector General O'Carroll what is the most common SSI issue that results in payment inaccuracy. Inspector General O'Carroll stated that the most common problem really is related to self-reporting. O'Carroll also noted that redeterminations are very important when individuals must self-report. But, with cuts to SSA's budget, specifically to the program integrity workloads, it can be tough to do these workloads, noted Inspector General O'Carroll.

Representative Tom Reed (R-29th-NY) asked Deputy Commissioner Colvin if there has been a priority shift at SSA where eligibility workloads are now being worked over the post-entitlement workloads. Deputy Commissioner Colvin responded that she did not think there had been a priority shift, but that SSA has to immediately address the direct-service workloads, and the agency is limited in working the program integrity piece by the funding provided.

If you are interested in watching the video of the hearing, you can access the archived webcast by clicking on the link below:

http://waysandmeans.granicus.com/MediaPlayer.php?view_id=2&clip_id=371

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