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SUPPLEMENTAL SECURITY INCOME

Administrative and Program Savings Possible by Directly Accessing State Data

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The Honorable Nancy L. Johnson
Chairman, Subcommittee on Oversight
Committee on Ways and Means
House of Representatives

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Chairman, Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

The rapid growth in the number of individuals receiving Supplemental Security Income (SSI) payments and the related increase in administrative and programmatic costs continue to be a concern of the Congress. The SSI program provides cash benefits to aged, blind, and disabled individuals whose income and resources are below a certain level. In 1995, over 6 million SSI clients received nearly $25 billion in federal benefits and $3 billion in state benefits, while SSI administrative costs totaled over $1.7 billion.

The Social Security Administration (SSA) administers the SSI program and is responsible for ensuring that only those who are eligible for SSI receive benefits and that payment amounts are correct. To fulfill these responsibilities, SSA needs the most accurate and timely information possible when making these decisions. SSA is currently testing the use of computer access to state-collected and state-maintained income information to determine whether this access can reduce administrative costs and payment errors. Such access consists of direct—commonly referred to as on-line—connections between SSA's computers and the databases maintained by state agencies.[1] You asked us to assess whether this access could (1) improve the administration of the SSI program, (2) reduce overpayments, and (3) be easily implemented nationwide in SSA field offices where the public applies for SSI.

To accomplish these objectives, we visited three states where SSA field offices were testing on-line access to state data and interviewed officials at SSA headquarters and selected regional and field offices. We also analyzed SSI data on overpayments caused when SSA did not have adequate income information on applicants or recipients (hereafter referred to as clients).

[1]The state agencies are employment and welfare departments that maintain electronic data on earnings and on benefits from the Aid to Families With Dependent Children (AFDC), Workers' Compensation (WC), and Unemployment Insurance (UI) programs.

We did our work between July 1995 and July 1996 in accordance with generally accepted government auditing standards. (See app. I for more information on our scope and methodology.)

Results in Brief

The SSI program could be administered more efficiently and, more importantly, millions of dollars in overpayments could be prevented or more quickly detected if information needed for claims processing was available immediately on-line during initial and subsequent assessments of eligibility.

We estimate that direct on-line access to state computerized income information could have prevented or more quickly detected about $131.3 million in overpayments caused by unreported or underreported income nationwide in one 12-month period. However, in SSA field offices where such direct access to computerized state information has been implemented, SSA representatives did not use it for overpayment detection. These claims representatives did use it, however, to process claims more efficiently, and SSA's preliminary results have shown that its use has reduced administrative costs.

According to SSA officials, they did not experience technical difficulties establishing on-line access between SSA field offices and state agency databases in participating states and they considered the costs incurred to be minimal. Although the ease and cost of implementing on-line access will vary with the degree to which a state has automated its data files, only minimal computer programming would be required in most states, with some states needing additional hardware such as computer lines.

Background

The SSI program is administered by SSA. Claims representatives at SSA field offices are responsible for processing all applications and determining the amount of monthly SSI payments. SSI is a program based on need. The maximum monthly SSI benefit in 1996 was $470. Clients receive less than the maximum or become ineligible for the program altogether if their earned and unearned income and resources exceed certain thresholds. Monthly changes in the amount of non-SSI income that clients receive increase or decrease the amount of SSI benefits to which they are entitled. If clients do not report these income fluctuations promptly to SSA, an overpayment or underpayment will accrue.

SSI clients are required to self-report any income that they receive to claims representatives when applying for SSI and are also required to self-report any changes in their monthly income by the 10th day of the following month. SSA policy requires that claims representatives verify this reported income, but does not require that claims representatives check for unreported income unless they suspect that clients are not reporting all their income during initial or subsequent eligibility determinations.

SSA uses both financial eligibility reviews, known as redeterminations, and computer matching to identify and prevent overpayments. During redeterminations, clients report their income on mailed questionnaires or during face-to-face or telephone interviews. The method used to contact the client and the frequency of such contacts depend on the likelihood that a client's financial situation will change. Computer matches detect some types of income that clients have not reported. They consist of comparing the SSI payment records against client information contained in the payment files of other government agencies. In order to detect unreported income, the earnings and unemployment insurance (UI) benefits reported by SSI clients are compared or matched, for example, against earnings and UI information that employers report to state agencies.[2] However, no computer matches are done that could identify unreported or underreported income from the Aid to Families With Dependent Children (AFDC) and workers' compensation (WC) programs.

In 1994, SSA began establishing on-line connections between its field offices and state agencies that had automated databases that could easily be linked to SSA's computer system. SSA did this so that information on earnings and AFDC and UI benefits contained in these databases could be automatically obtained as soon as claims representatives requested it. Claims representatives use such information for a variety of purposes, including verifying the amount of income that clients report when applying for SSI and during redeterminations of their continuing financial eligibility.

On-line access began in a limited number of SSA field offices in Nashville, Tennessee, in July 1994. Currently, claims representatives at all 30 Tennessee field offices are able to access state data on earnings, UI, and AFDC for any client using the computers on their desks. In addition, at the

[2]SSA conducts two types of computer matches using earnings data. First, SSA conducts matches twice each year using quarterly earnings data provided by 41 states and the District of Columbia. These data are 6 to 12 months old by the time the results of the computer matching are sent to field offices for claims representatives to investigate. Second, SSA performs computer matches once a year using its own annual earnings data. These data are 9 to 21 months old by the time the results are sent to the field offices for investigation.

time of this report, on-line access to WC information was also being negotiated in Tennessee. This access takes only a minute or two to retrieve the pertinent data. As of mid-1996, on-line access to state wage, UI, and AFDC data was also fully implemented in SSA field offices in North Carolina, South Carolina, and Kentucky, and partially implemented in SSA field offices in 2 other states. Initial contacts or negotiations for on-line access were also being conducted in 11 other states.

On-Line Access Reduces Administrative Costs

SSA estimates that in Tennessee, on-line access saves at least $6.50 in administrative costs every time a claims representative obtains data on-line, which occurs thousands of times each month. SSA further estimates that having such access results in clients receiving their first benefit check at least 1 week earlier. These improvements occur because in processing an initial claim and in conducting redeterminations, claims representatives no longer have to telephone, write, fax, or sometimes even visit state agencies to obtain necessary documentation—they simply obtain the information on their computers.

Claims representatives use on-line access for a variety of purposes, including verifying the amount of AFDC or other benefit income a client reports receiving. According to SSA, in one field office, SSA staff found that on-line access saves 30 to 45 minutes of a claim representative's time per claim. In another field office, a claims representative told us that she was able to obtain needed AFDC information on-line for a co-worker in a field office in another state who had been waiting for 6 weeks to get this information through conventional channels.

Another way that claims representatives use on-line access is to follow up on computer-matching results indicating that clients may not have reported all their earnings or UI benefits. This entails contacting the recipient and often an employer or government agency to confirm the receipt of earnings or benefits. One claims representative told us, for example, that she uses on-line access to obtain more up-to-date addresses on the clients she is investigating and that without such information it has taken her up to 2 months to find correct addresses. Other claims representatives told us that they routinely check earnings on-line when investigating computer-matching results because the on-line access can provide more current earnings information and identify additional employers who are not listed on SSA's computer matches with their own earnings data or state data.

A final way that claims representatives use on-line access is to obtain miscellaneous personal information, such as the Social Security numbers and birthdays of members of a client's household, as well as the types of public assistance household members receive. Because this type of information is frequently available on-line from the states, claims representatives no longer have to delay claims processing while clients search for this information.

SSA believes that the benefits of on-line access have been sufficiently demonstrated in field offices in the six states where it has been fully or partially implemented to warrant expanding it to other states. These benefits, which we observed during our field office visits, include reducing the amount of time and paperwork required for income verification as well as the amount of time required for claims processing. At the time of our work, SSA was developing a long-range plan to expand on-line access nationwide, which included developing benchmarks to better measure the amount of time and money such access will save. SSA was also actively pursuing such expansion in field offices in at least 11 additional states. In addition to expanding on-line access to other states, however, SSA could also use it to improve the accuracy of its payments.

Using On-Line Access to State Data May Save Millions in Program Dollars

Our analysis of SSA overpayment data shows that an estimated $131.3 million in overpayments nationwide occurred between June 1993 and May 1994 because some SSI clients did not report or underreported income they received. More than $34 million of these overpayments resulted from unreported or underreported AFDC, UI, and WC benefit income, and more than $97 million resulted from unreported or underreported earned income.

If SSA field offices nationwide had used on-line access to state databases, SSI program dollars could have been saved because the overpayments might have been prevented or more quickly detected. Preventing overpayments saves program dollars for two reasons: overpayments would never be made and SSA would not have to spend additional money trying to recover them. Detecting overpayments sooner also saves program dollars because, according to SSA officials, the sooner overpayments are detected, the more likely it is that they will be recovered.

Overpayments Caused by Unreported and Underreported Benefits May Be Prevented or Detected Earlier

Of the $34.1 million in overpayments related to AFDC, UI, and WC income, about 89 percent ($30.5 million) occurred because both newly eligible and ongoing clients did not report to the claims representatives handling their cases that they were receiving state-administered benefits. The remaining 11 percent ($3.6 million) resulted when newly eligible and ongoing clients who had reported receiving benefits did not report increases in the amount of their benefits or did so only after they had received their SSI check covering the period during which the increase occurred. (See table 1.)

Table 1: Nationwide Overpayments Resulting From Unreported and Underreported AFDC, UI, and WC Benefits, June 1993-May 1994

Dollars in Millions

Overpayments related to AFDC, UI, and WC benefits	Total overpayments		Overpayments to newly eligible clients		Overpayments to ongoing clients	
	Amount	Percent	Amount	Percent	Amount	Percent
Unreported	$30.5	89.4	$20.1	97.6	$10.4	77.0
Underreported	3.6	10.6	0.5	2.4	3.1	23.0
Total	**$34.1**	**100.0**	**$20.6**	**100.0**	**$13.5**	**100.0**

Note: An additional $0.8 million in overpayments due to UI benefits was also made during this period. The reason given on the SSA database for these overpayments was miscellaneous. Percentage totals may not add to 100 because of rounding.

Source: SSA's Index of Dollar Accuracy (IDA) data.

Overpayments Caused by Unreported Benefits Might Have Been Prevented

The $30.5 million in overpayments resulting from unreported AFDC, UI, and WC benefits shown in table 1 might have been prevented if claims representatives had used on-line access to state information on these benefits.[3] State welfare and employment departments maintain such information and, according to officials we spoke with, generally update it at least monthly. Through an on-line connection to these data, SSA could easily check to see if SSI clients were receiving these benefits before becoming eligible for SSI or whether clients were receiving these benefits and SSI simultaneously. Alternatively, programming could be put in place that would automatically compare SSA records to relevant state earnings and benefit data and generate lists of discrepancies that were found. Verification would make it less likely that such income would be undetected.

[3]This assumes that claims representatives in every state could have information available to them on other states' data on-line.

Overpayments Caused by Underreported Benefits Might Have Been Detected Earlier

On-line access would not have prevented all of the $3.6 million in overpayments resulting from underreported AFDC, UI, and WC from occurring, but might have detected the overpayments sooner. Moreover, had they been discovered sooner, the amount overpaid would have been less.

These overpayments resulted because clients either did not self-report increases in their income to claims representatives or did so only after receiving their SSI checks. On-line access might not have prevented these overpayments from occurring because the benefit income that caused these overpayments would have to have been paid in order for this income to be reflected in the databases that claims representatives access on-line. On-line access might have detected these overpayments sooner than they would otherwise have been detected, however, because such access allows SSA to verify the amount of these benefits as soon as the benefit amount is updated at the relevant state agency, which occurs once a month or more frequently.

The primary ways SSA currently detects SSI overpayments are through client self-reporting; miscellaneous tips from third parties; or, in the case of the UI program only, computer matching. All three methods are limited: both self-reporting and third-party tips may not occur or may not be timely and computer matching, which is done only for UI, cannot detect overpayments until 6 months after they have begun.

Many SSI overpayments were not discovered for periods ranging from several months to more than 1 year after they began. According to fiscal year 1993 and 1994 SSA nationwide data, it took on average 9 months to discover overpayments made to newly eligible clients that were caused by the receipt of AFDC, UI, WC, and other types of unearned income. For ongoing clients, it took SSA on average 15 months to discover such overpayments.

Overpayments Caused by Unreported and Underreported Earned Income May Also Be Detected Earlier

Of the $97.2 million in overpayments related to earned income, 34.2 percent ($33.2 million) resulted because clients failed to disclose to claims representatives that they had any earned income at all. Table 2 refers to these overpayments as unreported earnings. The remaining 65.8 percent ($64.0 million) in overpayments occurred because clients earned more in some months than they had reported to SSA or reported it only after receiving SSI benefits covering the same period. Table 2 refers to these overpayments as underreported earnings. Newly eligible clients commonly

either did not report or underreported earnings. Ongoing clients, however, much more commonly underreported earnings as opposed to simply not reporting them. (See table 2.)

Table 2: Nationwide Overpayments Caused by Unreported and Underreported Earned Income, June 1993-May 1994

Dollars in Millions

Overpayments related to earnings	Total overpayments		Overpayments to newly eligible clients		Overpayments to ongoing clients	
	Amount	Percent	Amount	Percent	Amount	Percent
Unreported	$33.2	34.2	$19.3	50.3	$13.9	23.6
Underreported	64.0	65.8	19.1	49.7	44.9	76.4
Total	**$97.2**	**100.0**	**$38.4**	**100.0**	**$58.8**	**100.0**

Note: An additional $140,200 in overpayments was made because of computational errors in calculating the amount of earnings. Percentage totals may not add to 100 because of rounding.

Source: SSA's IDA data.

On-line access has the potential to detect some overpayments caused by unreported or underreported earnings earlier than they can be detected using current SSA procedures. On-line detection cannot prevent overpayments caused by either unreported or underreported earnings, however, because of the time lag between when these earnings occur and when the data pertaining to them are available on-line.

In states where on-line access has been implemented, the earnings data that SSA accesses from state employment departments are 4 to 6 months old and are updated four times a year. Thus, by using these data, SSA can detect overpayments 4 to 6 months after they begin. The data that SSA currently uses to detect earnings overpayments in computer matches, on the other hand, are between 6 and 21 months old. Thus, under current review procedures, some overpayments may exist for nearly 2 years before they are detected.

On-Line Access Could Replace Current Computer-Matching Efforts That Rely on Older Data

Two of SSA's predominant methods of detecting unreported and underreported earnings are (1) requiring that clients self-report all non-SSI income that they receive and (2) conducting computer matches to detect any unreported income once clients are on the rolls. Because self-reporting can result in information on earnings that is even more up to date than what can be obtained on-line, some overpayments could be detected sooner through self-reporting than with on-line access. The

problem, however, is that SSA cannot rely on clients to fully report all the income that they receive at or near the time that they receive it. In order to detect income that clients do not report, SSA conducts computer matches.

The earliest that computer matching could detect an overpayment varies with the age of the data used in the match. For example, the earned-income computer matches rely on earnings data that are anywhere from 6 to 21 months old. Therefore, the earliest that detection could occur would be 6 to 21 months after the overpayment began. The earliest that on-line access could detect an unreported or underreported earnings overpayment, on the other hand, would be 4 to 6 months after it began, because that is the age of the data being used.

In field offices that have on-line access, information resulting from SSA's computer matching of state earnings data to detect overpayments duplicates information that claims representatives already have on-line. This is because on-line access is using the same data that SSA headquarters obtains twice a year to conduct wage and UI computer matches. Two SSA officials we spoke with mentioned that replacing the state computer matches with an automatic computerized interface that notified claims representatives when earnings information needed to be checked would result in more timely notification and would also free up SSA headquarters resources currently used to conduct the matches.

SSA's state computer-matching program compares the earnings that SSI clients report with the earnings data that employers submit to the states. Employees at SSA headquarters prepare computer tapes of the SSI recipients in each state and mail them to the appropriate state employment departments.[4] State employees compare these files against their own earnings databases, adding the names of any SSI recipients who received earnings over the previous 6 months, and mail the tapes back to SSA. At SSA headquarters, computers then compare the state earnings data against the earnings reported by SSI recipients and generate lists of recipients with unreported earnings. SSA headquarters then provides these lists to the appropriate field offices where claims representatives investigate the unreported earnings.

With an automatic interface using the same telecommunication lines now connecting SSA field offices on-line with the states, this earnings comparison could be done without having SSA headquarters employees

[4]Of the 41 states and the District of Columbia that provide the data SSA uses in wage matches, all but a few continue to use tapes for sending and receiving the files. The few that use electronic files send them over the same telecommunication lines as are used for on-line access.

prepare computer tapes and issue lists to field offices. Such an interface would consist of programming that would automatically do this comparison and issue these lists over the telecommunication lines, thereby saving administrative costs.

Field Offices With On-Line Access Are Not Using It to Detect Overpayments

The claims representatives who have on-line access in the three states we visited—Tennessee, South Carolina, and Wisconsin—continue to rely on the traditional methods of self-reporting and computer matching to identify overpayments caused by unreported or underreported income. They normally do not use on-line access to identify overpayments resulting either from state-administered benefits or from earnings. When asked why, they said it was because they did not believe that on-line access would prevent or more quickly detect a significant amount of overpayments. This is because claims representatives believe that they are normally able to tell from experience when a client is hiding income and, in such situations, they then try to uncover it. They further stated that SSA policy normally does not require that they check independent information sources to determine whether clients may be receiving various types of income that they have not reported, a process referred to as negative verification. However, several SSA officials we spoke with mentioned that on-line access could make checking for unreported income sources feasible in states where data are sufficiently automated because it would be inexpensive and nearly instantaneous.

Using benefit and earnings overpayment data from Tennessee between September 1994 and August 1995, we compared conventional overpayment detection methods with detection using on-line access. On-line access can discover overpayments related to AFDC, UI, and WC within 1 month or less.[5] However, we determined that only 18 percent of such overpayments were detected within this time frame using conventional methods.[6]

We also analyzed Tennessee overpayment cases to see how many earned-income overpayments might have been detected sooner if claims representatives had used on-line access as opposed to current methods. Because on-line access can discover overpayments related to earnings in 4

[5]Detection within 1 month is possible for UI because these data are at most 1 month old. Detection of AFDC and WC overpayments could be done even sooner because these data are at the most a few days old.

[6]Our analysis assumes that all the benefits that related to these overpayments were paid by state agencies in Tennessee. On-line access could not have prevented or more quickly detected any overpayments relating to benefits paid in other states, because claims representatives in Tennessee only have on-line access to databases maintained by Tennessee state agencies.

to 6 months, we determined how many earnings overpayments detected through conventional means were discovered more than 6 months after they occurred. We found that on-line access could have detected nearly 60 percent of the overpayment dollars in Tennessee occurring between September 1, 1994, and August 31, 1995, more quickly than was actually done using conventional methods. Moreover, on-line access was about equally as effective in detecting overpayments more quickly for both newly eligible and ongoing clients.

Expanding On-Line Access Is Technically Feasible, but Hampered by Nontechnical Concerns

Establishing on-line connections between SSA field offices and the appropriate agencies within a state is not technically difficult or costly in many states. Considerable effort, however, may be required to identify state agencies willing to give SSA on-line access and to negotiate the agreements necessary. Some state agencies may not want to grant SSA such access because they are concerned that the privacy of individuals may be violated by sharing such personal information as income and Social Security numbers on-line. Others, while agreeing to give SSA on-line access in principle, may refuse to negotiate the necessary agreements to implement such access until SSA agrees to grant them reciprocal on-line access to SSA data.

The Technology and Costs Associated With Implementing On-Line Access Have Been Minimal

The technology needed for on-line access consists of (1) telecommunication lines that link SSA field office computers to state databases and (2) programming that establishes the actual on-line connections. Most states only need upgrades to existing telecommunication lines and programming to implement on-line access. Telecommunication lines that already exist between SSA headquarters and the states can be used in many instances to link state databases with SSA field offices.[7] In cases where upgraded lines may be needed, SSA officials told us that, based on their experience where on-line access has been implemented, such lines are neither costly nor difficult to install.

According to an SSA systems official, software that is currently used to route data between SSA's headquarters and state agencies can be used, with minor programming changes, for the actual on-line transmissions. This same official further explained that the programming changes that must be made at SSA headquarters take about 15 to 30 minutes for each

[7]These lines are known as the File Transfer Management System (FTMS). SSA installed FTMS so that it could transmit SSA data on its clients to every state. State agencies are required by the 1984 Deficit Reduction Act to use this information to better identify those who are not eligible for public assistance or who are receiving incorrect benefits.

state whose data are being accessed. The programming that must be done by the state agencies, however, is more involved. It consists of inputting the names and passwords of the new SSA users so that the state computer systems will (1) allow these individuals access to the state data and (2) block access to any data elements containing personal information about individuals that these users do not have a legal right to see.

SSA has not tracked the costs it has incurred when making the necessary changes to its systems to implement on-line access because they are viewed as minimal. Moreover, these costs are not projected to be extensive nationwide, should on-line access be implemented in all field offices. One systems official estimated, for example, that it would take one-fourth of 1 work year to implement on-line access nationwide.[8]

According to SSA's district managers in states that have implemented on-line access, SSA has committed to pay a total of $67,000 for hardware and software changes necessary for SSA to access state systems. Average state charges when a claims representative accesses state records range from nothing to 1.5 cents.[9] Moreover, a number of state agencies have expressed willingness to provide free access to state records in exchange for on-line access to SSA data. (For more information on reciprocal access, see p. 14 under the heading "States Have Resisted On-Line Access Until SSA Gives Them Reciprocal Access.") Finally, some states that do not have fully automated data are willing to explore giving SSA on-line access in exchange for SSA sharing the costs of automating their data.

SSA would incur more significant costs should an on-line system be developed that would permit claims representatives in one state to access on-line state information in any other state.[10] These additional costs would include developing

- commonly formatted computer screens displaying state data for SSA claims representatives,
- single names and passwords that SSA claims representatives could use for all states so that the audit trails would still be maintained, and

[8]A work year is the amount of time provided by one employee on a full-time basis for 1 year. For budget purposes, it is calculated on the basis of 2,080 hours per employee.

[9]SSA also has on-line access to vital statistics records. Because vital statistics bureaus are self-supporting, they have asked for $0.50 to $3.00 per record.

[10]An example of when such interstate information would be needed is when a client lives in one state but works in another. In order for such interstate exchange of information to take place, however, state objections to granting on-line access for claims representatives in other states would have to be overcome.

- a common menu from which SSA claims representatives could access data from all states.

States Have Resisted On-Line Access Because of Privacy Concerns

Some states have resisted allowing on-line access to their information because of their concerns about privacy. Privacy concerns center around ensuring that personal information that an individual provides to one government agency is protected from being disclosed to other agencies that do not have a legal right to it.[11] Granting SSA on-line access to state data does not violate the privacy of individuals who provide this information, because SSA is simply using on-line connections to access information to which it has a legal right. SSA already routinely obtains this information from government agencies during the claims-handling process. Moreover, state agencies can decide which parts of a record claims representatives will view.

Although on-line access has not changed the type of information that claims representatives obtain from other agencies, it has made obtaining this information faster and easier. One state official responsible for the security of data told us that this can cause personal privacy concerns, because in making information easier to obtain for official use, it also becomes easier to obtain for unofficial or illegal use.

SSA and state officials heavily involved with on-line access believe that it is possible to develop on-line systems that minimize the possibility of accessing personal data for unofficial or illegal use and also identify the perpetrators, should such abuses occur. They further believe that abusing the access to personal information is not more likely with on-line access than with other data-sharing methods.

SSA and the states have taken steps specified in federal security standards that, we were told, ensure the confidentiality and security of on-line data in states where on-line access has been implemented. These include (1) installing software that screens each user before establishing an on-line connection to ensure that the connection is being made from an SSA field office by a valid user and also screens specific requests for items of information, thereby limiting what queries a user can get answered; (2) instituting written agreements between SSA and the state agencies

[11]These protections are contained in federal and state privacy laws. These laws specify the conditions under which one government agency can share personal information with other agencies. One condition, which applies to the information SSA obtains on-line, is "routine use." That is, the personal information must be obtained for a purpose that is compatible with the purpose for which it was originally collected.

regarding how the on-line data will be used; (3) requiring that SSA claims representatives sign releases stating that they will not access state data for any unofficial reasons; (4) using computer lines dedicated solely to the transmission of data between government agencies; and (5) issuing all SSI claims representatives passwords that they must enter before gaining access to the on-line data. This last feature leaves an audit trail each time an agency's data are accessed on-line. If abuse is suspected, an agency official can check this trail to see under which SSA employee's identification code the state data were accessed, which data screens were viewed, and when they were viewed.

States Have Resisted On-Line Access Until SSA Gives Them Reciprocal Access

Another reason that some state agencies have been reluctant to grant SSA field offices on-line access to their data is that, until recently, SSA has refused to give states on-line access to SSA data. State agencies use information on recipients of SSA benefits for a variety of reasons. For example, states are required by law to determine whether welfare clients receive any SSA benefits. This is accomplished by comparing an electronic file of SSA recipients of benefits against the client databases maintained by state agencies.

Historically, SSA has had concerns about granting on-line access to state agencies for some of the same reasons that have made states reluctant to grant SSA on-line access. For example, like some state officials, some SSA officials are also concerned that on-line access could compromise the security and confidentiality of the personal information contained in SSA databases.

Although we did not evaluate the effectiveness of SSA's security procedures, SSA system and policy officials told us that these procedures will be stringent enough to grant government agencies on-line access to its data without compromising confidentiality. SSA intends, for example, to evaluate the type of telecommunication connections a state will use to access SSA data and then institute procedures specified in federal security standards that are commensurate with the security risks such on-line access may pose. These measures will include up-front screening to ensure that the on-line data requests are from valid users in valid states and the creation of audit trails that can track on-line usage back to individual users. SSA will also employ software that automatically checks for sudden changes in usage patterns, which might indicate questionable use of the data.

SSA is beginning to develop policies for granting on-line access to its databases. These policies detail the circumstances under which agencies will be granted on-line access and how the security and privacy of SSA data will be maintained. According to one official involved in developing these on-line policies, SSA is moving in this direction so that state agencies will agree to grant SSA on-line access to their data.

As part of its initial move toward implementing reciprocal on-line access, SSA is planning to pilot state access to SSA data in North Carolina and Tennessee in early 1997. The same connections that give SSA field offices on-line access to state data in these states will be used to give state agencies on-line access to SSA data. Only those agencies that are legally entitled to SSA data will be able to access such data on-line. Furthermore, these agencies will only be able to access those portions of SSA data to which they are already legally entitled.

Conclusions

On-line access has demonstrated that programmatic and administrative savings can be realized that reduce SSA's costs and improve service to the public by reducing the time it takes to process a claim. With appropriate attention to privacy and computer security issues, the expanded use of on-line access can enhance SSA's ability to efficiently and effectively manage the SSI program. We found that on-line access could help SSA prevent or more quickly detect many overpayments. Preventing or detecting overpayments more quickly would bolster the integrity of the SSI program by better ensuring that clients are only receiving those benefits to which they are entitled. We estimated that about $131.3 million in overpayments could have been avoided or more quickly detected with the use of on-line access. Although SSA has efforts under way to implement on-line access nationwide, it has not (1) examined its policy regarding how on-line access can be used in overpayment detection and prevention in places where it has been implemented, (2) investigated how such access can be used to replace less timely and labor-intensive computer-matching methods for overpayment detection such as those used for earnings and unemployment insurance, and (3) determined how on-line access can be used to identify overpayments that are not currently detected through computer matching with the payment systems of the AFDC and WC programs.

Recommendations

To prevent overpayments or detect them sooner, we recommend that the Commissioner of SSA

- require claims representatives to use on-line access to routinely check for unreported sources of income when initial and subsequent assessments of eligibility are done, provided that it is cost-effective to do so and that the data available on-line pertain to the time periods covered by SSI payments and
- develop automatic interfaces with state databases that comply with laws and standards governing computer matching, privacy, and security that can (1) more fully automate the earnings and UI computer matches and (2) identify additional income sources that do not currently have computer matches.

Agency Comments

In commenting on a draft of this report, SSA agreed that on-line access can be a useful tool for reducing overpayments and it also agreed with our recommendations. However, SSA officials noted that although on-line access is easy and inexpensive in many states, this may not be true for all states. They cited, for example, that some state agencies may not have automated data or the systems within an agency or between agencies in the same state may not be compatible. SSA also noted that because on-line access will presumably be more difficult and costly in some states than in others, a more thorough analysis of its costs and benefits is necessary before it is used for overpayment prevention. Our report indicates that part of SSA's expansion of on-line access would include developing benchmarks to better measure the costs and benefits of such a system. However, as our report also indicates, there are states where on-line connections can now access data inexpensively and easily. Thus, there is no reason why such access cannot be used for overpayment prevention in these instances while SSA pursues the cost-effectiveness of on-line access for other states. SSA's formal response is in appendix II.

We are sending copies of this report to relevant congressional committees, the Commissioner of Social Security, and other interested parties.

If you have any questions about this report, please contact me on (202) 512-7215. Major contributors to this report are listed in appendix III.

Jane L. Ross
Director, Income Security Issues

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Abbreviations

AFDC	Aid to Families With Dependent Children program
FTMS	File Transfer Management System
IBON	income based on need
IDA	Index of Dollar Accuracy data
SSA	Social Security Administration
SSI	Supplemental Security Income program
UI	Unemployment Insurance program
WC	Workers' Compensation program

Scope and Methodology

This report focuses on the extent to which on-line access can (1) improve the administration of the SSI program, (2) reduce overpayments, and (3) be easily implemented in SSA offices nationwide. To accomplish our objectives we (1) visited states where SSA field offices had on-line access to state data, (2) interviewed officials at SSA headquarters and regional and field offices, and (3) analyzed overpayment data from several sources.

We conducted field visits in two states where on-line access to state earnings, UI, and AFDC data was fully implemented—Tennessee and South Carolina. We also visited Wisconsin, where on-line access was being piloted in the largest SSA field offices and interviewed officials involved with the project at SSA's headquarters in Baltimore. During these visits, we met with SSA officials and claims representatives as well as with the state government officials whose data were being accessed. We discussed (1) the pros and cons of on-line access, (2) how such access was being used in each state, (3) how it could potentially be used to prevent overpayments and increase SSA staff efficiency, (4) the start-up and continuing costs associated with such access, and (5) the issues involved in replicating on-line access in other states.

In regard to overpayments, the report examines those caused by unreported or underreported earnings, UI, WC, and AFDC. These sources were chosen because (1) they were common causes of overpayments and (2) many of these overpayments could be prevented or detected sooner by claims representatives electronically accessing state data.

We obtained nationwide aggregate data from SSA overpayment studies on all overpayments resulting from earnings, UI, WC, and AFDC[12] between June 1, 1993, and May 31, 1994. We then determined how many of these overpayments resulted because clients did not report or underreported the income they received from the above sources. We did this by analyzing information contained in the data regarding why these overpayments occurred.

The nationwide aggregate overpayment data that we obtained were limited in that they only showed how long the overpayments lasted on average. We obtained more detailed information, however, by examining all SSI

[12]AFDC data are part of a larger welfare category known as income based on need (IBON). In regard to Tennessee data, we were usually able to tell which IBON income was AFDC income by examining variables within an individual's record. However, because the national data we received were aggregate data as opposed to records on individual cases, we could not distinguish AFDC cases from other IBON cases. The majority of IBON overpayment cases are AFDC cases, however, according to SSA.

beneficiary cases in Tennessee that had overpayments caused by wages, AFDC, UI, and WC. In order to determine the point at which on-line access might have prevented or more quickly detected these overpayments, we analyzed (1) when each of these overpayments began and ended and (2) what percentage of them could have been more quickly detected had on-line access been used. This determination was made on the basis of the age of the on-line data in Tennessee and how frequently they were updated. The records we examined of Tennessee residents pertained to clients who were assessed for initial or continuing eligibility between September 1, 1994, and August 31, 1995.

Comments From the Social Security Administration

SOCIAL SECURITY
Office of the Commissioner

July 24, 1996

Ms. Jane L. Ross
Director, Income Security
Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Ms. Ross:

Enclosed are two copies of the Social Security Administration's comments on the U.S. General Accounting Office's Draft Report, "Supplemental Security Income: Administrative and Program Savings Possible by Directly Accessing State Data" (GAO/HEHS-96-163), dated June 24, 1996.

We appreciate the opportunity to comment. Please let us know if we may be of further assistance.

Sincerely,

Shirley Chater

Shirley S. Chater
Commissioner
of Social Security

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION ON THE GENERAL ACCOUNTING OFFICE DRAFT REPORT, "SUPPLEMENTAL SECURITY INCOME: ADMINISTRATIVE AND PROGRAM SAVINGS POSSIBLE BY DIRECTLY ACCESSING STATE DATA" (GAO/HEHS-96-163)

We appreciate the opportunity to comment on the General Accounting Office (GAO) draft report regarding direct access connections between the computers on claims representatives' desks and the data bases maintained by state agencies. Following are our specific comments on the recommendations included in the report.

GAO Recommendation

Require claims representatives to use on-line access to routinely check for unreported sources of income when: (1) initial and subsequent assessments of eligibility are done; (2) the data bases using available on line data pertains to the time periods covered by supplemental security income (SSI) payments.

Social Security Administration (SSA) Comment

While we support aggressive pursuit of on-line access to state data, we are concerned that the report understates the difficulties of implementing this access nationwide. The report notes that establishing access in the pilot states was easy and quotes an official as estimating a cost of one-fourth workyear to implement on-line access nationwide. The pilot states were chosen because of the opportunity for easy access. Many states have internal compatibility problems between programs that will need to be overcome, as well as very different levels of automation among programs. The one-fourth of one workyear figure appears to have been taken out of context and is misleading. On-line access will take considerable effort to identify opportunities, resolve compatibility and other technical issues, and negotiate the agreements necessary to implement it.

Although we support overpayment prevention, we would recommend a more thorough analysis of cost and benefits of implementing this recommendation. For example, the conclusion that on-line verifications of unreported sources of income would be "inexpensive and nearly instantaneous" assumes that data files in all states will be as easily accessed as those in the few states where on-line access presently exists. We have found that vastly different degrees of automation exist in the data files of state and local agencies with whom we share information. Therefore, it would appear that the ease of access and the costs would vary from state to state.

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We could fully support the GAO recommendation if it was revised to read, "Require claims representatives to use on-line access to routinely check for unreported sources of income when: (1) It is cost beneficial to do so; (2) initial and subsequent assessments of eligibility are done; (3) the data bases using available on-line data pertain to the time periods covered by SSI payments."

GAO Recommendation

Develop automatic interfaces with state data bases using the same connections as used for on-line access so that SSA can: (1) more fully automate the earnings and unemployment insurance matches; and (2) identify additional income sources that do not currently have computer matches.

SSA Comment

We agree with this recommendation and are currently working to implement it as quickly as technologies and resources will allow, within the context of our response to the previous recommendation.

Other Comments

As the report indicates, we are extremely concerned about privacy violations and the need to safeguard any SSA files to which states may be granted access as a result of on-line access. We note that privacy agreements vary from state to state. These issues need to be examined thoroughly before on-line access agreements can be implemented nationwide.

Major Contributors to This Report

GAO Contacts

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Nancy Cosentino, Evaluator-in-Charge, (415) 904-2117
Jill Yost, Staff Member

Staff Acknowledgments

In addition to those named above, the following individuals made important contributions to this report: Christopher C. Crissman assisted as an adviser, James Wright and John Smale assisted with design support, and Nancy Crothers assisted in report design.

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