



Testimony

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

For Release on Delivery
Expected at 10 a.m. ET
Wednesday, June 3, 2015

SUPPLEMENTAL SECURITY INCOME

An Overview of Program Integrity and Management Challenges

Statement of Daniel Bertoni, Director
Education, Workforce, and Income Security

GAO Highlights

Highlights of [GAO-15-632T](#), a testimony before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

The SSI program, administered by SSA, provides cash assistance to eligible aged, blind, and disabled individuals with limited financial means. In fiscal year 2014, the program paid nearly \$56 billion in federally funded benefits to about 8.2 million individuals. The program has grown substantially in recent years, and is expected to grow more in the near future. SSA has a stewardship responsibility to guard against improper payments and to address program integrity issues that if left unchecked could increase the potential for waste, fraud, and abuse. SSA estimated that it made \$5.1 billion in improper payments in fiscal year 2014. In addition, SSA's management concerns are wide ranging and include ensuring its workforce is able to meet service delivery needs.

In this statement, GAO describes SSA's challenges with 1) ensuring SSI program integrity and 2) managing the program. This testimony is primarily based on GAO products issued from 2002 to 2015, which used multiple methodologies, including analyses of SSI administrative data from fiscal years 2000 to 2011; reviews of relevant federal laws, regulations, and guidance; and interviews of SSA officials. In May 2015, GAO obtained current data on improper payments and updates from SSA reports and guidance on actions taken to address GAO's past recommendations.

What GAO Recommends

GAO has previously made recommendations to help SSA strengthen its program oversight and address management challenges. In response, the agency has taken some steps and plans to do more.

View [GAO-15-632T](#). For more information, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov.

June 2015

SUPPLEMENTAL SECURITY INCOME

An Overview of Program Integrity and Management Challenges

What GAO Found

The Social Security Administration (SSA) faces challenges with ensuring the integrity of the Supplemental Security Income (SSI) program's processes for preventing, detecting, and recovering overpayments. For example, SSA is required in certain circumstances to periodically review SSI recipients' medical and financial eligibility, yet the lack of timely reviews and difficulty getting complete financial information hinder SSA's ability to prevent and detect overpayments to recipients. SSA estimated that \$4.2 billion of the payments it administered to SSI recipients in fiscal year 2013 were overpayments. In June 2012, GAO found that SSA had accumulated a substantial backlog of recipients' medical eligibility reviews, including for over 23,000 children with mental impairments who were deemed likely to medically improve when initially determined eligible for benefits. GAO recommended that SSA eliminate its backlog for these children and conduct timely reviews going forward, estimating based on fiscal year 2011 data that these actions could save more than \$3.1 billion over 5 years by preventing related overpayments. SSA recently reported that it has increased the number of medical eligibility reviews conducted for SSI children in each year since 2012, completing nearly 90,000 reviews in fiscal year 2014—in contrast to the 25,000 reviews completed in fiscal year 2011—and plans to continue these efforts. In December 2012, GAO also reported that a lack of comprehensive, timely information on SSI recipients' financial accounts and wages led to overpayments. GAO noted that SSA had recently developed electronic tools to address these issues, and SSA reported that the agency is gaining experience using them. However, despite these efforts, in May 2015, the SSA Office of the Inspector General found that overpayments associated with financial account information have increased in recent years and recommended SSA continue researching initiatives that will help to reduce improper payments in the SSI program. SSA agreed to this recommendation.

SSA faces several management challenges in administering SSI related to workload, service delivery, and program complexity. In 2013, GAO reported that as a result of an ongoing retirement wave, SSA faced a loss of institutional knowledge and expertise, which may result in increased review backlogs and improper payments. GAO recommended that SSA update its succession plan, in line with federal internal controls guidance that states that management should plan for succession and ensure continuity of needed skills and abilities. In response, SSA published a human capital document detailing its succession plans. Federal internal controls guidance also states that agencies should comprehensively identify and manage risks, and GAO also recommended SSA develop a long-term service delivery plan to determine, among other things, how SSA will address both program integrity and other workloads. In response, SSA published an April 2015 description of its vision for future service delivery and indicated it plans to develop a strategy for achieving this vision moving forward. SSA also noted the importance of simplifying its policies and procedures to meet its service delivery goals and SSA has plans to do so. Program complexity is a long-standing challenge that contributes to administrative expenses and potential overpayments. GAO is beginning work for this subcommittee related to how benefit amounts are calculated for multiple SSI recipient households, an area that SSA has considered for program simplification.

Chairman Boustany, Ranking Member Doggett, and Members of the Subcommittee:

I am pleased to be here today to discuss our work on the Supplemental Security Income (SSI) program, including issues affecting program integrity—which left unchecked, increase the potential for waste, fraud, and abuse. As you know, the Social Security Administration’s (SSA) SSI program provides cash assistance for eligible aged, blind, and disabled individuals with limited financial means. In fiscal year 2014, the SSI program paid almost \$56 billion in federally funded benefits to about 8.2 million individuals. The program has grown substantially in recent years, and is expected to grow more in the near future, in part because of population growth. SSA’s strategic goals and objectives for fiscal year 2015 reflect a wide range of management concerns, ranging from ensuring that SSA has a workforce with the competence and agility to address service demands to creating new opportunities for individuals with disabilities to return to work. SSA also has a stewardship responsibility to guard against improper payments. Given the size of the SSI program, even small errors in benefit payments can result in a significant loss of taxpayer dollars.

My testimony—based primarily on reports we issued from 2002 to 2015¹—describes SSA’s challenges with (1) ensuring SSI program integrity and (2) managing the program. We used multiple methodologies

¹This statement is also based on a review of current related data on improper payments and updates on actions taken to address past GAO recommendations obtained from reviewing SSA reports and guidance in May 2015. Reports are cited throughout and include GAO, *Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue*, [GAO-02-849](#) (Washington, D.C.: Sept. 16, 2002); *Social Security Disability: Ticket to Work Participation Has Increased, but Additional Oversight Needed*, [GAO-11-324](#) (Washington, D.C.: May 6, 2011); *Modernizing SSA Disability Programs: Progress Made, but Key Efforts Warrant More Management Focus*, [GAO-12-420](#) (Washington, D.C.: June 19, 2012); *Supplemental Security Income: Better Management Oversight Needed for Children’s Benefits*, [GAO-12-497](#) (Washington, D.C.: June 26, 2012); *Supplemental Security Income: SSA Has Taken Steps to Prevent and Detect Overpayments, but Additional Actions Could Be Taken to Improve Oversight*, [GAO-13-109](#) (Washington, D.C.: Dec. 14, 2012); *Social Security Administration: Long-Term Strategy Needed to Address Key Management Challenges*, [GAO-13-459](#) (Washington, D.C.: May 29, 2013); *Social Security Disability Programs: SSA Could Take Steps to Improve Its Assessment of Continued Eligibility*, [GAO-14-492T](#) (Washington, D.C.: Apr. 9, 2014); *Supplemental Security Income: Wages Reported for Recipients Show Indications of Possible SSN Misuse*, [GAO-14-597](#) (Washington, D.C.: Jul. 16, 2014); and *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: Feb. 11, 2015).

to conduct the work for these reports. For example, we reviewed and analyzed SSI administrative data from fiscal years 2000 to 2011; reviewed relevant federal laws, regulations, and guidance; reviewed key agency documents, such as SSA's strategic plan, human capital plan, strategic leadership succession plan, and annual SSI stewardship reports; and interviewed management and staff from SSA headquarters, selected regions, and field offices. We assessed the data we received and concluded that the data were sufficiently reliable for the purposes of our reports. More information on the scope and methodology of our work is contained within our published reports.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The SSI program was established in 1972 under Title XVI of the Social Security Act and provides payments to low-income aged, blind, and disabled persons—both adults and children—who meet the financial eligibility requirements.² A disability is defined for adults as the inability to engage in any substantial gainful activity because of any medically determinable physical or mental impairment(s) that can be expected to result in death, or has lasted or can be expected to last for a continuous period of not less than 12 months.³

²The SSI program was established by the Social Security Amendments of 1972 and became effective in 1974. Pub. L. No. 92-603, §301, 86 Stat. 1329, 1465 (codified as amended at 42 U.S.C. § 1381-1383f).

³42 U.S.C. § 1382c(a)(3). Individuals under age 18 are considered disabled if they have a medically determinable physical or mental impairment or combination of impairments that causes marked and severe functional limitations, and that can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months. 20 C.F.R. § 416.906 (2012).

To meet financial eligibility requirements, in fiscal year 2014, an individual's or married couple's monthly countable income⁴ had to be less than the monthly federal SSI benefit rate of \$721 per month for an individual and \$1,082 per month for a married couple. Further, countable resources (such as financial institution accounts) had to be \$2,000 or less for individuals and \$3,000 or less for married couples. Recipients are to report changes in their income and financial resources to SSA as soon as they occur and a penalty may be deducted from the recipient's benefit if the report is not made within 10 days after the close of the month in which they change.⁵ In addition, to determine an individual's ongoing financial eligibility for SSI program payments, SSA conducts periodic "redeterminations."⁶ During a redetermination, field office staff perform a variety of activities to verify recipients' income, resources, living arrangements, and other factors to determine their continued SSI program eligibility. These activities may include querying internal and external databases, checking with employers and banks, and performing interviews with recipients to obtain current information.

To ensure that only recipients who remain disabled continue to receive benefits, SSA is required to conduct periodic continuing disability reviews (CDR) in certain circumstances.⁷ These reviews assess whether recipients are still eligible for benefits based on several criteria, including their current medical condition. During the CDR process, SSA applies a medical improvement standard. Under this standard, SSA may discontinue benefits for an individual if it finds substantial evidence

⁴Certain types of income are excluded under the SSI program by the Social Security Act, 42 U.S.C. § 1382a(b). For a list of types of income excluded under the SSI program as provided by federal laws other than the Social Security Act, see the appendix to 20 C.F.R. part 416, subpart K.

⁵20 C.F.R. §§ 416.708(c) and (d) and 416.714.

⁶The length of time between scheduled redeterminations varies depending on the likelihood that a recipient's situation may change in a way that affects his or her benefits. SSA may also redetermine eligibility when the agency learns of a change in the recipient's situation that affects eligibility or the benefit amount. 20 C.F.R. § 416.204(b).

⁷SSA's regulations pertaining to CDRs for SSI can be found at 20 C.F.R. § 416.989 et seq. CDRs may be conducted generally every 6 to 18 months, 3 years, or 5 to 7 years, depending on the nature of the recipient's disability. 20 C.F.R. § 416.990(d).

demonstrating both that a beneficiary's medical condition has improved⁸ and that the individual is able to engage in substantial gainful activity.⁹ If SSA determines that these conditions have not been met in the course of conducting a CDR, the recipient may continue to receive benefits until the individual receives a subsequent CDR (which potentially could result in a discontinuation of benefits), dies, or transitions to Social Security retirement benefits.

Multiple entities are involved in determining recipients' initial and continued eligibility. After an SSA field office determines that an SSI applicant meets the program's financial requirements, a state Disability Determination Services agency reviews the applicant's medical eligibility. Similarly, SSA field offices conduct redeterminations of recipients' financial eligibility, and state Disability Determination Services agencies assess continued medical eligibility.

Complex eligibility rules and many layers of review with multiple handoffs from one person to another make the SSI program complicated and also costly to administer. During fiscal year 2014, SSA estimated that it made \$5.1 billion in improper payments in the program. As our prior work has shown, improper payments, including overpayments, may result, in part, because eligibility reviews are not conducted when scheduled, information provided to SSA is incomplete or outdated, or errors are made in applying complex program rules.

⁸The relevant regulations define medical improvement as any decrease in the medical severity of the recipient's impairment(s) since the last time SSA reviewed his or her disability favorably, based on improvements in symptoms, signs, or laboratory findings. 20 C.F.R. § 416.994(b)(1)(i).

⁹42 U.S.C. § 1382c(a)(4)(A)(i). The medical improvement standard for individuals under the age of 18 who receive SSI benefits is different. See 42 U.S.C. § 1382c(a)(4)(B). The law also identifies certain other circumstances under which benefits may be discontinued, besides the medical improvement standard. See 42 U.S.C. § 1382c(a)(4)(A) and (C).

SSA Faces Program Integrity Challenges in Preventing, Detecting, and Recovering Overpayments

SSA Could Prevent Billions of Dollars in Overpayments by Conducting More Disability Reviews and Could Ensure Review Consistency by Improving Guidance

Because CDRs are a key mechanism for ensuring continued medical eligibility, when SSA does not conduct them as scheduled, program integrity is affected and the potential for overpayments increases as some recipients may receive benefits for which they are no longer eligible. SSA reported in January 2014 that it is behind schedule in assessing the continued medical eligibility of its disability program recipients¹⁰ and has accumulated a backlog of 1.3 million CDRs. In recent years, SSA has cited resource limitations and a greater emphasis on processing other workloads as reasons for the decrease in the number of reviews conducted. From fiscal years 2000 to 2011, the number of adult and childhood CDRs fell approximately 70 percent, according to our analysis of SSA data.¹¹ More specifically, CDRs for children under age 18 with mental impairments—a group that comprises a growing majority of all child SSI recipients—declined by 80 percent.¹²

Children make up about 15 percent of all SSI recipients, and we reported in 2012 that CDRs for 435,000 child recipients with mental impairments were overdue, according to our analysis of SSA data.¹³ Of these, nearly half had exceeded their scheduled CDR date by 3 years, and 6 percent

¹⁰This includes recipients of SSI, as well as Disability Insurance (DI), a cash assistance program for individuals with disabilities who have a qualifying work history.

¹¹From fiscal years 2000 to 2011, the number of adult CDRs fell from more than 580,000 to about 180,000 and the number of childhood CDRs fell from more than 150,000 to about 45,000.

¹²CDRs for children under age 18 with mental impairments declined from more than 84,000 to about 16,000.

¹³[GAO-12-497](#). A total of about 861,000 child recipients with mental impairments were receiving SSI benefits as of December 2011.

exceeded their scheduled date by 6 years.¹⁴ Of the 24,000 childhood CDRs pending 6 years or more, we found that about 70 percent were for children who, at initial determination, SSA classified as likely to medically improve within 3 years of their initial determination. Twenty-five percent—over 6,000—of these pending CDRs were for children medically expected to improve within 6 to 18 months of their initial determination.¹⁵ Reviews of children who are expected to medically improve are more productive than reviews of children who are not expected to improve because they have a greater likelihood of benefit cessation and thus yield higher cost savings over time. SSA officials report that the agency has placed a higher priority on conducting CDRs for populations other than SSI children that they believe will result in greater savings over time.¹⁶ However, our analysis of SSA's data showed that SSI child claims that received a CDR in fiscal year 2011 were ceased at a higher rate than other claims.

In our June 2012 report, we recommended that SSA eliminate the existing CDR backlog of cases for children with impairments who are likely to improve and, on an ongoing basis, conduct CDRs at least every 3 years for these children. If this recommendation were implemented, SSA could potentially save \$3.1 billion over 5 years by preventing

¹⁴Specifically, about 344,000 exceeded the scheduled date by at least a year, about 205,000 exceeded their date by 3 years, and about 24,000 exceeded the scheduled date by 6 years.

¹⁵In total, we found reviews for more than 23,000 children who were expected to medically improve when they were initially determined eligible for benefits that were pending for 6 years or more. We also found reviews for about 1,000 children who were not expected to medically improve when they were initially determined eligible for benefits that were pending for 6 years or more.

¹⁶According to SSA officials, when CDR funding is less than what is needed to conduct all CDRs at the scheduled intervals, the agency has historically given priority to (1) conducting CDRs for DI recipients, (2) performing statutorily mandated SSI age 18 and low birth weight reviews, and (3) performing reviews considered most cost-effective.

overpayments to children with mental impairments, according to our analysis of fiscal year 2011 data.¹⁷

SSA generally agreed that it should complete more CDRs for SSI children but emphasized that it is constrained by limited funding and competing workloads. Moving forward, one of the goals in SSA's Fiscal Year 2014-2018 Strategic Plan is to strengthen the integrity of the agency's programs. In line with this goal, SSA requested additional program integrity funding for fiscal year 2015 to enable the agency to conduct more CDRs, and Congress made these funds available. SSA recently reported that in each year since 2012, it has increased the number of reviews conducted for SSI children, completing nearly 90,000 reviews in fiscal year 2014, in contrast to the 25,000 reviews it completed in fiscal year 2011, the year prior to GAO's audit. The agency stated it will continue to work toward eliminating its CDR backlog for SSI children if it receives sustained and predictable funding. While additional funding may help address the backlog, we continue to have concerns about the agency's ability to manage its resources in a manner that adequately balances its service delivery priorities with its stewardship responsibility. Because SSA has noted that it considers SSI childhood CDRs to be a lower priority than other CDRs, it is unclear whether the agency will continue to use new increases in funding to review children most likely to medically improve—reviews that could yield a high return on investment.

As a result of CDRs, disability recipients that SSA determines have improved medically may cease receiving benefits; however, several factors may hinder SSA's ability to make this determination. In prior work,¹⁸ our analysis of SSA data showed that 1.4 percent of all people

¹⁷This estimate pertains only to children with mental impairments. Implementing the recommendation would also likely result in additional cost savings from preventing overpayments to children with physical impairments. To perform this analysis, we considered two potential sources of cost savings: (1) addressing the CDR backlog for children with mental impairments who are expected to medically improve or for whom medical improvement is possible and (2) conducting future CDRs for these recipients, as scheduled. We considered such factors as the average cessation rate after appeals, average benefit amount, average amount of time in benefit receipt before age 18, and average cost of performing a CDR. See GAO, *2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-15-404SP](#) (Washington, D.C.: Apr. 14, 2015).

¹⁸GAO, *Social Security Disability Programs: Clearer Guidance Could Help SSA Apply the Medical Improvement Standard More Consistently*, [GAO-07-8](#) (Washington, D.C.: Oct. 3, 2006).

who left the agency's disability programs between fiscal years 1999 and 2005 did so because SSA found that they had improved medically; however, recipients more commonly left for other reasons, including conversion to Social Security retirement benefits or death.¹⁹ At that time, we identified a number of factors that challenged SSA's ability to assess disability program recipients using the medical improvement standard, including (1) limitations in SSA guidance for applying the standard; (2) inadequate documentation of prior disability determinations; (3) failure to abide with the requirement that CDR decisions be made on a neutral basis—without a presumption that the recipient remained disabled; and (4) the judgmental nature of the process for assessing medical improvement. For example, we noted that—based on a review of the same evidence—one examiner may determine that a recipient has improved medically and discontinue benefits, while another examiner may determine that medical improvement has not been shown and will continue the individual's benefits. Furthermore, we concluded that the amount of judgment involved in the decision-making process increases for certain types of impairments, such as psychological impairments, which are more difficult to assess than others, such as physical impairments.

These issues have implications for the consistency and fairness of SSA's medical improvement decision-making process, as well as program integrity, and in 2006, we recommended that SSA clarify several aspects of its policies for assessing medical improvement. Since then, SSA has taken some steps that may help address the issues we raised but has not fully implemented our recommendation. For example, SSA began implementing an electronic claims analysis tool for use during initial disability determinations to (a) document a disability adjudicator's detailed analysis and rationale for either allowing or denying a claim, and (b) ensure that all relevant SSA policies are considered during the disability adjudication process. In addition, SSA reported in its fiscal year 2016 annual performance plan that it will continue to expand the use and functionality of this analysis tool to help hearing offices standardize and better document the hearing decision process and outcomes. However, SSA's guidance for assessing medical improvement may continue to present challenges when applying the standard. As of May 2015, the guidance does not provide any specific measures for what constitutes a

¹⁹ This includes recipients of SSI, as well as DI.

“minor” change in medical improvement,²⁰ and it instructs examiners to exercise judgment in deciding how much of a change justifies an increase in the ability to work.²¹ We continue to believe that SSA should fully implement the actions we previously recommended to improve guidance in this area.

In light of the questions that have been raised about SSA’s ability to conduct and manage timely, high-quality CDRs for its disability programs, we are currently undertaking a study of SSA’s CDR policies and procedures for this Subcommittee. More specifically, we are examining how SSA prioritizes CDRs, the extent to which SSA reviews the quality of CDR decisions, and how SSA calculates cost savings from CDRs. We look forward to sharing our findings once our audit work is complete.

A Lack of Comprehensive and Timely Financial Information Contributes to Overpayments

In addition to overpayments that result when CDRs are not conducted as scheduled, overpayments may result when financial information provided to SSA is incomplete or outdated. In December 2012, we reported that SSA lacks comprehensive, timely information on SSI recipients’ financial institution accounts and wages.²² For fiscal year 2011, the unreported value of recipients’ financial institution accounts, such as checking and savings accounts, and unreported wages were the major factors associated with causes of overpayments, and were associated with about \$1.7 billion (37 percent) of all SSI overpayments.²³ Specifically, overpayments occurred because recipients did not report either the existence of financial institution accounts, increases in account balances, or monthly wages.

²⁰See SSA Program Operations Manual System (POMS) section DI 28010.015. The standards state that “although the decrease in severity may be of any quantity or degree, we will disregard minor changes in your signs, symptoms, and laboratory findings that obviously do not represent medical improvement and could not result in a finding that your disability has ended.”

²¹See POMS section DI 28015.320.

²²[GAO-13-109](#).

²³Amounts are annual estimates based on 5-year averages from fiscal year 2007 through fiscal year 2011. Cumulative SSI overpayment debt nearly doubled from \$3.8 billion in fiscal year 2002 to \$7.3 billion in fiscal year 2011.

SSA has developed tools in recent years to obtain more comprehensive and timely financial information for SSI recipients, but these tools have limitations:

- The Access to Financial Institutions initiative, which SSA implemented in all states in June 2011, involves electronic searches of about 96 percent of the financial institutions where SSI recipients have a direct deposit account. This initiative therefore provides SSA with independent data on a recipient's financial institution accounts for use in periodically redetermining their eligibility for payments. However, in our December 2012 report, we found that this initiative does not capture all relevant financial institutions, and SSA staff were generally not required to conduct these searches for recipients who, for example, report a lesser amount of liquid resources or do not report any financial accounts.
- The Telephone Wage Reporting system, implemented in fiscal year 2008, allows recipients to call into an automated telephone system to report their monthly wages. Agency officials reported that this system should ease the burden of reporting wages for some recipients and save time for SSA staff since wage data is input directly into SSA's computer system. At the same time, the accuracy and completeness of information obtained through this system is limited because it relies on self-reported data and the system is unable to process wage information for individuals who work for more than one employer.

SSA recently reported that it is continuing to gain experience using these tools and is studying the effects of recent expansions to the Access to Financial Institutions initiative. In May 2015, the SSA Office of the Inspector General (OIG) noted that despite SSA's implementation of the Access to Financial Institutions initiative, the dollar amount of overpayments associated with financial account information has increased over the last few fiscal years. The OIG recommended that SSA continue (1) monitoring Access to Financial Institutions to ensure a positive return on investment and (2) researching other initiatives that will help to reduce improper payments in the SSI program. SSA agreed with the OIG's recommendations and noted that it is studying the effects of recent expansions of the initiative, including an increase in the number of undisclosed bank account searches performed and inclusion of more recipients with lower levels of liquid resources.

Over the years, we have also identified issues with inaccurate wage reporting by employers that have contributed to improper payments. We and the SSA OIG have previously identified patterns of errors and

irregularities in wage reporting, such as employers using one Social Security number for more than one worker in multiple tax years. Inaccurate wage information can lead SSA to make either overpayments or underpayments to SSI recipients. In July 2014, we identified indications of possible Social Security number misuse in wage data used by SSA for the SSI program.²⁴ In one case, an individual in California had wages reported from 11 different employers in seven other states during the same quarter of calendar year 2010, suggesting that multiple individuals may have been using the SSI recipient's Social Security number and name for work.²⁵ According to SSA, Social Security number misuse can cause errors in wage reporting when earnings for one individual are incorrectly reported to the record of another person having a similar surname.²⁶ However, we found that the prevalence of such Social Security number misuse in SSA's wage data was unclear.

SSA's Oversight and Documentation of Overpayment Waivers Is Limited

When an SSI overpayment is identified, recipients are generally required to repay the overpaid amount, although they can request a waiver of repayment under certain circumstances. We reported in December 2012 that SSA increased its recovery of SSI overpayment debt by 36 percent from \$860 million to \$1.2 billion from fiscal year 2002 to fiscal year 2011. However, SSA grants most overpayment waiver requests, and waiver documentation and oversight was limited.²⁷ Specifically, in fiscal year 2011, SSA approved about 76 percent of all SSI overpayment waivers requested by recipients. Claims representatives, who are located in SSA's approximately 1,230 field offices, have the authority to approve such waivers, and SSA does not require supervisory review or approval for overpayment waivers of \$2,000 or less. According to the standards for internal control in the federal government, agencies must have controls in place to ensure that no individual can control all key aspects of a

²⁴[GAO-14-597](#).

²⁵There are instances when individuals could work for multiple employers simultaneously, but it is questionable that one person could work for multiple employers simultaneously in different regions of the country during the same quarter.

²⁶According to SSA policy, if earnings are identified that do not belong to the number holder, the individual may submit a signed statement "disclaiming" the wages as his or her own and have the earnings removed from his or her Master Earnings File—the main source of SSA's earnings data.

²⁷[GAO-13-109](#).

transaction or event. We recommended that SSA review the agency's policy concerning the supervisory review and approval of overpayment waiver decisions of \$2,000 or less. SSA agreed with this recommendation and subsequently convened a workgroup to evaluate this policy and review the payment accuracy of a random sample of waiver decisions. SSA found that the dollar accuracy rate of the randomly selected waiver transactions it reviewed in the SSI program was nearly 99 percent. However, in a more recent review of 5,484 SSI waiver decisions of less than \$2,000, SSA found that 50 percent of decisions were processed incorrectly.²⁸ In light of this finding, we continue to believe that additional supervisory review may improve program integrity. However, as a result of its earlier study findings, SSA decided to continue its current policy for waiver decisions of \$2,000 or less.

Beyond SSA's field offices, we also found limited oversight of the waiver process on a national basis. In our December 2012 report, we concluded that management oversight of the SSI overpayment waiver decision process is limited. Specifically, SSA did not analyze trends in the type, number, and dollar value of waivers granted, including those waivers below the \$2,000 approval threshold that SSA staff can unilaterally approve, or determine whether there were waiver patterns specific to SSA offices, regions, or individual staff. Without such oversight and controls in place, SSA is unaware of trends in the waiver process that may jeopardize the agency's ability to maximize its overpayment recovery efforts and safeguard taxpayer dollars. We recommended that SSA explore ways to strengthen its oversight of the overpayment waiver process. While the agency agreed with the intent of this recommendation, it cited resource constraints to creating and analyzing data at the level of detail specified in our recommendation. However, we continue to believe that, short of additional steps to better compile and track additional data on waiver patterns specific to SSA offices and individuals, SSA will be constrained in its efforts to recover identified overpayments.

²⁸SSA, *Continuous Quality Area Director Review: Data Analysis Report Findings and Recommendations* (January 2015).

SSA Faces Several Management Challenges in Administering SSI

SSA Is Taking Some Steps to Address Ongoing Workload and Service Delivery Challenges

SSA faces management challenges that may constrain its ability to ensure program integrity. As mentioned above, SSA has cited challenges with balancing the demands of competing workloads, including CDRs, within its existing resources. In February 2015, we reported that SSA has taken a number of steps toward managing its workload and improving the efficiency of its operations, but capacity challenges persist, and delays in some key initiatives have the potential to counteract efficiency gains.²⁹

SSA is also facing succession planning challenges in the coming years that could affect program integrity. In 2013, we reported that SSA projects that it could lose nearly 22,500 employees, or nearly one-third of its workforce, due to retirement—its primary source of attrition—between 2011 and 2020.³⁰ An estimated 43 percent of SSA's non-supervisory employees and 60 percent of its supervisors will be eligible to retire by 2020. During this same time, workloads and service delivery demands are expected to increase. The high percentage of supervisors who are eligible to retire could result in a gap in certain skills or institutional knowledge. For example, regional and district managers told us they had lost staff experienced in handling the most complex disability cases and providing guidance on policy compliance. SSA officials and Disability Determination Services managers also told us that it typically takes 2 to 3 years for new employees to become fully proficient and that new hires benefit from mentoring by more experienced employees. SSA's Commissioner also noted that as a result of attrition, some offices could become understaffed, and that without a sufficient number of skilled employees, backlogs and wait times could significantly increase and improper payments could grow. Federal internal controls guidance states that management should consider how best to retain valuable employees,

²⁹ [GAO-15-290](#).

³⁰ [GAO-13-459](#).

plan for their eventual succession, and ensure continuity of needed skills and abilities. Thus, we recommended that SSA update its succession plan to mitigate the potential loss of institutional knowledge and expertise and help ensure leadership continuity. In response to our recommendation, SSA published a human capital operating plan, detailing specific workforce management and succession planning steps SSA will take across the organization. We believe this is an important step in addressing the upcoming workload and workforce challenges.

In our 2013 report, we also concluded that SSA's long-term strategic planning efforts did not adequately address the agency's wide-ranging challenges. For example, in the absence of a long-term strategy for service delivery, the agency would be poorly positioned to make decisions about its critical functions. Such decisions include how the agency will address disability claims backlogs while ensuring program integrity, how many and what type of employees SSA will need for its future workforce, and how the agency will more strategically use its information technology and physical infrastructure to best deliver services. Federal internal controls guidance states that federal agencies should comprehensively identify risks, analyze and decide how to manage these risks, and establish mechanisms to deal with continual changes in governmental, economic, industry, regulatory, and operating conditions. We recommended that SSA develop a long-term strategy for service delivery. We also noted that without a dedicated entity to provide sustained leadership, SSA's planning efforts would likely remain decentralized and short-term. We recommended that SSA consider having an entity or individual dedicated to ensuring that SSA's strategic planning activities are coordinated agency-wide.

In response to these recommendations, SSA appointed a chief strategic officer responsible for coordinating agency-wide planning efforts. SSA has also recently taken a key step toward developing a long-range strategic plan to address wide-ranging management challenges. In April 2015, SSA published *Vision 2025*, which incorporates input from employees, advocates, members of Congress, and other stakeholders and articulates a vision of how SSA will serve its customers in the future. As a next step, SSA has indicated that it will create working groups representing a cross-section of SSA staff. Under the leadership of SSA's Chief Strategic Officer, they will be charged with developing a strategic roadmap for the next 10 years that will define actions SSA will need to take and resources required to achieve SSA's vision for 2025. Moving forward, SSA will need to implement the steps outlined in its long-term strategic plan—as well as those in its human capital plan—to ensure it

has the capacity and resources needed to manage future workloads while making quality decisions.

SSI Program Complexity Is a Long-Standing Challenge

As stated in *Vision 2025*, SSA plans to realize its service delivery vision in part by simplifying and streamlining its policies and procedures, and in 2013, SSA formed an SSI Simplification Workgroup that is tasked with identifying promising proposals that could simplify the SSI program and reduce improper payments. Program complexity has been a long-standing challenge for SSI that contributes to administrative expenses and the potential for overpayments. In addition to collecting documentation of income and resources to determine SSI benefit amounts, SSA staff must also apply a complex set of policies to document an individual's living arrangements and financial support being received.³¹ These policies depend heavily on recipients to accurately report a variety of information, such as whether they live alone or with others; the extent to which household expenses are shared; and exactly what portion of those expenses an individual pays. Over the life of the program, these policies have become increasingly complex. The complexity of SSI program rules pertaining to these areas of benefit determination is reflected in the program's administrative costs. In fiscal year 2014, SSI benefit payments represented about 6 percent of benefits paid under all SSA-administered programs, but the SSI program accounted for 33 percent of the agency's administrative expenditures. In our prior work, we noted that staff and managers we interviewed cited program complexity as a problem leading to payment errors, program abuse, and excessive administrative burdens.³² In December 2012, we also reported that the calculation of financial support received was a primary factor associated with SSI overpayments from fiscal year 2007 through fiscal year 2011.³³ The SSI Simplification Workgroup is considering options for simplifying benefit determination policies as well as adding a sliding scale for multiple SSI recipients in the same family.

In light of these long-standing issues, we have begun work for this Subcommittee that will provide information about SSI recipients who are

³¹[GAO-02-849](#).

³²[GAO-02-849](#).

³³[GAO-13-459](#).

often subject to complex benefit determination policies. Generally, if two members of a household receive SSI benefits, both members are eligible for the maximum amount of benefits, unless they are married. However, this benefit structure does not directly reflect savings that may result from multiple individuals sharing household expenses, and the policies SSA currently applies to address this issue are highly complex and burdensome. Over the last two decades, various groups have proposed applying a payment limit to the benefits received by more multiple-recipient households, which could be used in place of the more complex calculations SSA currently performs. Our new study is examining such households and the potential administrative or other barriers to implementing a change in the amount of benefits received by households with multiple recipients.

Promoting Employment and Self-Sufficiency Among Recipients Is a Long-Standing Challenge

Another long-standing challenge for the SSI program is that once on benefits, few individuals leave the disability rolls, despite the fact that some may be able to do so through increased earnings and employment. Our prior work has noted that if even a small percentage of disability program recipients engaged in work, SSA's programs would realize substantial savings that could offset program costs.³⁴ To this end, the Ticket to Work and Work Incentives Improvement Act of 1999 provided for the establishment of the Ticket to Work and Self-Sufficiency Program (Ticket program) which provides eligible disability program recipients with employment services, vocational rehabilitation services, or other support services to help them obtain and retain employment and reduce their dependency on benefits.³⁵ In May 2011, we reported that the Ticket program continued to experience low participation rates, despite revisions to program regulations that were designed to attract more disability program recipients and service providers. Further, although participants have a variety of differing needs, the largest service providers in the program focused on those who were already working or ready to work. One service provider told us that certain disability program recipients are often screened out because they lack the education, work experience, or transportation needed to obtain employment. We made several recommendations for improving program oversight in our May 2011

³⁴GAO-11-324. When referring to disability program recipients, we are including SSI and DI recipients.

³⁵Pub. L. No. 106-170, § 101, 113 Stat. 1860, 1863.

report, which the agency has since implemented.³⁶ However, the number of individuals using the Ticket program who left the disability rolls because of employment remains low—under 11,000 in fiscal year 2014.

Individuals who start receiving SSI as children often collect benefits for the long term, potentially because they do not receive interventions that could help them become self-sufficient. Approximately two-thirds of child recipients remain on SSI after their age 18 redeterminations. Research has found that children who remain on SSI benefits into early adulthood have higher school dropout rates, lower employment rates, and lower postsecondary enrollment rates in comparison to the general young adult population. Additionally, these youth participate in vocational services at a low rate. In light of this, concerns have been raised that SSA is not doing enough to inform youth on SSI who are approaching age 18 about available employment programs. At the request of this Subcommittee, we will soon begin work to examine SSA's efforts to promote employment and self-sufficiency among youth on SSI.

Chairman Boustany, Ranking Member Doggett, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contacts and Staff Acknowledgments

If you or your staff have any questions about this statement, please contact me at (202) 512-7215 or bertonid@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this statement include Rachel Frisk, Alexander Galuten, Isabella Johnson, Kristen Jones, Phil Reiff, and Walter Vance.

³⁶We recommended that SSA should (1) prioritize and carry through with a study of participants' exits from the rolls since revisions to the program's regulations took effect in 2008, (2) adopt a strategy for compiling and using data on trends in service provision to determine whether service approaches are consistent with program goals, (3) develop a strategy to ensure on-time completion of timely progress reviews of participants and take steps to ensure the accuracy of information used to make timely progress determinations, and (4) move forward to develop certain performance measures consistent with the requirements of the Ticket law.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (<http://www.gao.gov>). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <http://www.gao.gov> and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#). Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#). Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: <http://www.gao.gov/fraudnet/fraudnet.htm>

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

