

GAO

Testimony

Before the Subcommittees on Social Security and Human Resources, Committee on Ways and Means, House of Representatives

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**SOCIAL SECURITY  
DISABILITY**

**Participation in the Ticket  
to Work Program Has  
Increased, but More  
Oversight Needed**

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

U.S. Government Accountability Office

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ACCOUNTABILITY ★ INTEGRITY ★ RELIABILITY

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Chairmen Johnson and Davis, Ranking Members Becerra and Doggett, and Members of the Subcommittees:

I am pleased to be here today to discuss the Social Security Administration's (SSA) Ticket to Work and Self-Sufficiency Program (Ticket program). Created by law in 1999, the Ticket program was intended to assist disability beneficiaries in obtaining and retaining employment, and potentially bring about significant savings to the Disability Insurance Trust Fund by reducing or eliminating their benefits.<sup>1</sup> Under the program, SSA provides each eligible beneficiary (ticket holder) with a ticket to obtain services from SSA-approved public or private providers, referred to as employment networks (EN), or from traditional state vocational rehabilitation agencies (VR).<sup>2</sup> When the Ticket program was created, it was estimated that it had the potential to provide significant savings to the Social Security Trust Funds and Treasury.<sup>3</sup> However, our prior work and the work of SSA's Office of the Inspector General and others has questioned the viability of the program due to low participation and costs that are not offset by beneficiaries returning to work and reducing

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<sup>1</sup>The Ticket to Work and Work Incentives Improvement Act of 1999. Pub. L. No. 106-170, § 101, 113 Stat. 1860, 1863-73 (codified as amended at 42 U.S.C. § 1320b-19).

<sup>2</sup>Administered by the Department of Education since 1973, the Vocational Rehabilitation program provides funds to states to offer employment services ranging from treatment of impairments to job counseling and placement. 29 U.S.C. §§ 721 and 731. Under SSA's Vocational Rehabilitation Reimbursement Program, established before the Ticket program, SSA reimburses VRs for costs of providing services to a beneficiary when the beneficiary has earnings above an established threshold over the course of 9 months. 42 U.S.C §§ 422(d)(1) and 1382d(d). With the establishment of the Ticket program, VRs can choose to be paid under either the EN payment system or the traditional cost-reimbursement system.

<sup>3</sup>It was estimated that if an additional one-half of 1 percent of disability beneficiaries went back to work, and ceased benefits, the savings to the Social Security Trust Funds and Treasury would total \$3.5 billion over their working lives. Pub. L. No. 106-170, § 2(a)(12), 113 Stat. 1860, 1863.

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dependency on benefits.<sup>4</sup> In an effort to address these concerns, SSA revised its regulations in 2008 to attract more ticket holders and ENs.

My testimony summarizes our report issued in May<sup>5</sup> and focuses on (1) how participation of ticket holders and employment networks in the Ticket program has changed over time, (2) what is known about the range of service approaches used by employment networks, and (3) the policies and processes SSA has to evaluate employment networks and ticket holders to ensure program integrity and effectiveness. To conduct this work, we analyzed SSA data on ticket holder and EN participation, and reviewed SSA policies and procedures for the program, and relevant federal laws and regulations. We also interviewed representatives of 25 ENs, including 20 ENs among those with the largest payments in fiscal years 2007 and 2009, as well as disability advocacy organization and SSA officials. In addition, an investigator from our Forensic Audits and Investigative Service team contacted selected ENs, posing as a fictitious employer or relative of a ticket holder to test for potential vulnerabilities in program management and oversight. A more detailed explanation of our methodology is available in our full report. Our work was performed in accordance with generally accepted government auditing standards.

In summary, we found that more ticket holders and ENs are participating in the Ticket program since SSA revised its regulations in 2008, but the overall participation rate remains low. SSA has not yet studied whether the 2008 changes have enabled more ticket holders to obtain employment and exit the

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<sup>4</sup>GAO, *Social Security Administration: Better Planning Could Make the Ticket Program More Effective*, [GAO-05-248](#) (Washington, D.C.: March 2005); SSA Office of the Inspector General, *Ticket to Work and Self-Sufficiency Program Cost Effectiveness, A-02-07-17048 Audit Report*, (Washington, D.C., August 2008); and Craig Thornton, *Work Activity and Use of Employment Supports Under the Original Ticket to Work Regulations. Can the Ticket to Work Program Be Self-Financing?* Mathematica Policy Research, forthcoming.

<sup>5</sup>GAO, *Social Security Disability: Ticket to Work Participation Has Increased, but Additional Oversight Needed*, [GAO-11-324](#) (Washington, D.C.: May 2011).

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benefit rolls. The number of ENs approved to serve ticket holders has increased; however, many ENs are not actively participating, and ticket payments have remained concentrated with only 20 ENs. These ENs provide a range of services, including assistance with job search and retention. But since the 2008 changes in regulations, an increasing number have used service approaches targeting ticket holders who are already working or ready to work, including simply passing back a portion of the payment from SSA. Finally, we found SSA lacks adequate management tools for evaluating ENs and ticket holders to ensure program integrity and effectiveness. For instance, SSA has not developed performance measures for contracted ENs to assess their success in helping assigned ticket holders obtain and retain employment and reduce dependence on disability benefits. Without such measures, we found multiple ENs communicating to ticket holders how to work part time and keep full disability benefits indefinitely, despite the fact that the ultimate goal of the program is to reduce dependence on benefits. In addition, ticket holders who show timely progress toward self-supporting employment are generally exempt from medical continuing disability reviews (CDRs) conducted to determine continued eligibility for benefits. However, SSA has not consistently monitored or enforced the requirements for timely progress and, therefore, ticket holders in the program have been exempt from CDRs for years regardless of whether they show progress in the program. Lack of systematic monitoring of timely progress has both program integrity and cost implications, such as the potential for ineligible beneficiaries to continue receiving benefits. In our May report, we made four recommendations to address these issues and enhance program oversight. SSA has already implemented one of these recommendations, developing performance measures for ENs, and has reported it is moving forward to implement another to track EN service approaches and assess their consistency with program goals. We will continue to monitor the agency's implementation of the other recommendations.

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## Background

To be eligible for Disability Insurance (DI) or Supplemental Security Income (SSI) benefits, an individual generally must have a medically determined physical or mental impairment that (1) has lasted or is expected to last at least 1 year or result in

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death and (2) prevents the individual from engaging in substantial gainful activity (SGA).<sup>6</sup> Once an individual is receiving benefits, CDRs are periodically conducted by SSA to determine if the individual has medically improved to the point of being able to work and is no longer eligible for benefits.<sup>7</sup>

When an individual becomes eligible for DI or SSI benefits, SSA mails a ticket to them. Generally, DI and SSI beneficiaries from 18 to 64 years old are eligible ticket holders and may choose whether or not to use their tickets, and with which service providers. Likewise, SSA-approved ENs can decide whether to serve an individual ticket holder. Ticket holders who assign their tickets and demonstrate “timely progress” toward self-supporting employment, such as by fulfilling minimum earnings or education requirements to be reviewed regularly, are exempted from medical CDRs.<sup>8</sup> This provision provides an incentive for individuals to assign their tickets who otherwise might not attempt to work out of fear that a medical CDR would cause them to lose benefit eligibility. The ticket holder’s ticket becomes “assigned” once the ticket holder and EN decide to work together and submit an individual work plan describing the services the EN will provide. A ticket holder can unassign the

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<sup>6</sup>42 U.S.C. §§ 416(i) and 1382c(a)(3). Under thresholds set annually by SSA, individuals were considered engaged in SGA if they had earnings in 2010 above \$1,000 per month for nonblind beneficiaries and \$1,640 per month for blind beneficiaries.

<sup>7</sup>DI beneficiaries are allowed a 9-month trial work period during which their benefits continue regardless of how much they earn. Upon completion of the 9-month trial work period, DI beneficiaries move into a 36-month re-entitlement period (extended period of eligibility) in which their monthly cash benefit ceases except in months in which earnings are less than SGA. DI recipients whose earnings are above SGA after they complete the 36-month period should, under program rules, stop receiving benefits and be removed from the disability rolls. In contrast, SSI benefits are reduced by \$1 for every \$2 of earned income exceeding \$65 per month until benefits reach zero. If SSI beneficiaries receive no benefits for 12 consecutive months due to earned income, they are removed from the disability rolls.

<sup>8</sup>The Ticket law mandated that during any period for which an individual is using, as defined by SSA, a ticket, SSA may not initiate a CDR. 42 U.S.C. § 1320b-19(i). In its program regulations, SSA defines “using” a ticket as making “timely progress toward self-supporting employment,” and outlines specific requirements a ticket holder must meet in order to demonstrate timely progress and obtain or maintain CDR exemption. 20 C.F.R. § 411.166 (2010).

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ticket from the EN at any time, sometimes switching to a different EN. When the ticket holder has sufficient earnings, the EN becomes eligible for payments from SSA.<sup>9</sup> The EN can choose from two payment options: (1) milestone-outcome payments that begin when the ticket holder achieves a specified level of earnings and continue for a specified time after the ticket holder no longer receives benefits due to earnings, or (2) outcome-only payments that do not begin until the ticket holder is entirely off benefits.

Due to low participation rates by both ticket holders and ENs, SSA revised the Ticket program regulations in 2008.<sup>10</sup> The changes lowered the ticket holder earnings threshold that triggers payments to ENs. Previously, ENs were not eligible for SSA payment until a ticket holder had earnings at the SGA level or above. Now there is a first phase of four \$1,275 payments<sup>11</sup> over a ticket holder's first 9 months working at the trial work level, which is below SGA and, in many cases, equates to part-time work.<sup>12</sup> The EN is also eligible for a second phase of smaller monthly payments when a ticket holder has earnings above the SGA level, and a third and final phase of payments (the outcome phase) once a ticket holder is earning above SGA and no longer receives disability benefits. Another key change made in 2008 was to explicitly allow ENs to use milestone or outcome payments to make payments directly to ticket holders.

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<sup>9</sup>42 U.S.C. § 1320b-19(h). SSA makes payments to ENs for DI beneficiaries through the Federal Disability Insurance Trust Fund and to ENs for SSI beneficiaries through appropriations from general revenues. 42 U.S.C. §§ 401(b) and 1381.

<sup>10</sup>SSA-RFQ-11-0010J, Employment Networks for the Ticket to Work and Self-Sufficiency Program.

<sup>11</sup>These payment amounts are for 2010.

<sup>12</sup>Some phase 1 payments to an EN are limited if the ticket holder earned above the trial work level in the 18 months prior to ticket assignment. 20 C.F.R. § 411.535(a)(1)(i) (2010).

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## More Ticket Holders and Employment Networks Participating, but Participation Rate Remains Low

Ticket holders assigning their tickets to ENs increased from about 22,000 in fiscal year 2007, before the changes to program regulations, to more than 49,000 as of July 2010.<sup>13</sup> Despite the increase in numbers, those assigning their tickets to ENs represented less than 1 percent of the approximately 12.1 million eligible ticket holders<sup>14</sup> as of July 2010.<sup>15</sup> Representatives of the private company SSA contracts with to conduct outreach told us that while they are beginning to place more emphasis on increasing ticket holder participation, their earlier recruitment efforts prioritized increasing the supply of ENs. According to EN representatives, ticket holder participation remains low due, in part, to a lack of understanding and awareness of the program. Some disability rights advocates and EN representatives said a fear of losing benefits may also deter eligible ticket holders from participating in the program, especially DI beneficiaries who, after a 9-month trial work period, face an immediate cessation of benefits in a given month when earnings exceed SGA.<sup>16</sup>

Although the number of ticket holders assigning their tickets has increased since the 2008 changes, the extent to which more ticket holders are returning to work and exiting the benefit rolls is unknown. The law requires SSA to conduct ongoing independent evaluations of ticket holders' employment outcomes, and SSA has tentative plans to study exits from the

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<sup>13</sup>Overall ticket holder participation, including tickets used with VRs participating in the cost-reimbursement system or assigned to ENs, increased from about 266,000 in fiscal year 2007 to more than 318,000 in July 2010. Our review was generally limited to ENs and VRs paid as ENs, and did not focus on VRs paid through the cost-reimbursement system.

<sup>14</sup>All numbers referring to eligible ticket holders are as of the last day of the fiscal year.

<sup>15</sup>As of July 2010, those assigning their tickets to ENs represented two-fifths of 1 percent of eligible ticket holders, compared to one-fifth of 1 percent in fiscal year 2007 before the regulatory changes. As of July 2010, 2.6 percent of eligible ticket holders used their tickets with VRs participating in the cost-reimbursement system or assigned their tickets to ENs, an increase from 2.1 percent in fiscal year 2004.

<sup>16</sup>While SSI beneficiaries experience a gradual reduction in benefits based on how much they earn above SGA, DI beneficiaries, following their trial work period, experience what is referred to as a "cash cliff" in which they lose all benefits in a given month upon reaching SGA. One EN representative said this creates an incentive for DI beneficiaries enrolled in the Ticket program to find work with wages below SGA. 20 C.F.R. § 404.1592(a) (2010).

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benefit rolls under the revised program regulations.<sup>17</sup> Whether or not ticket holders are able to leave the rolls has implications for the program's cost-effectiveness and ultimately, its long-term viability. In preliminary research examining the program prior to the 2008 regulatory changes, Mathematica found more exits from the rolls would be needed to offset existing operational costs.<sup>18</sup>

In our May report, we recommended that SSA prioritize and carry through with a study of participating ticket holders' exits from the rolls and the agency noted it has plans to study the effects of the 2008 changes on the Ticket program. However, prioritizing and carrying through with their plans will be important going forward to determine the extent to which ticket holders actually exit the rolls due to long-term employment. Without it, an accurate and complete assessment of the Ticket program's effectiveness cannot be made.

Although an increasing number of ENs are participating in the Ticket program since the 2008 changes in regulations, many ENs are not actively participating and SSA ticket payments have remained concentrated with only 20 ENs. The number of ENs contracted by SSA increased from 1,514 in fiscal year 2007 to 1,603 as of July 2010.<sup>19</sup> During this time, ENs accepting at least one ticket also increased from 752 to 1,086. The majority of EN representatives we interviewed said the regulatory changes provided greater incentive for participation because ENs can now receive payments for ticket holders with earnings earlier than before as well as for ticket holders with part-time earnings.

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<sup>17</sup>Pub. L. No. 106-170, § 101(d)(4), 113 Stat. 1869, 1875-76 (codified at 42 U.S.C. § 1320b-19 note).

<sup>18</sup>Craig Thornton, *Work Activity and Use of Employment Supports Under the Original Ticket to Work Regulations. Can the Ticket to Work Program Be Self-Financing?* Mathematica Policy Research, forthcoming. Mathematica's draft report estimated SSA spent approximately \$34.1 million in fiscal year 2008 to run the Ticket program, including costs of contracts SSA issued to organizations that operate key Ticket program components.

<sup>19</sup>In fiscal year 2004 (the first year all 50 states participated in the Ticket program), 1,286 ENs had contracts.



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ENs receiving ticket payments from SSA more than doubled, from 206 in fiscal year 2007 to 460 as of July 2010. Total payments to ENs grew substantially, from \$3.8 million in fiscal year 2007 to \$13 million as of July 2010. Yet 20 ENs, or less than 2 percent of the total number accepting tickets in fiscal year 2009, have received more than 70 percent of SSA's ticket payments in recent years. Reasons why EN participation is not broader may be partly attributable to costs. Even though SSA officials said the 2008 regulatory changes were intended to address the costs associated with providing initial services, several EN representatives told us that financing the upfront costs of providing services can be challenging, and some said providing resource-intensive services, such as career and personal counseling, could limit profitability.

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## Employment Networks Vary in Service Approaches, but Increasingly Focus on the Employed or Ready to Work

Those ENs receiving some of the largest payment amounts from SSA provide a range of services, including assistance with job search and retention. But since the 2008 changes in regulations, an increasing number of ENs used service approaches targeting ticket holders who are already working or do not need assistance in obtaining employment. For example, since the 2008 regulatory changes, which explicitly allowed ENs to pay ticket holders, an increasing number of ENs shared SSA ticket payments with ticket holders who have sufficient earnings to qualify the EN for payment.<sup>20</sup> This "shared payment" approach allows the EN to readily claim ticket payments while providing no direct services because the ticket holder is already working or able to find a job without assistance. This service approach accounted for an increasing proportion of total ticket payments made by SSA.<sup>21</sup> In fiscal year 2007, 1 of the 20 ENs among

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<sup>20</sup>Some milestone payments may not be available to an EN if, during the 18 months prior to the ticket holder assigning the ticket, the ticket holder worked and had earnings equal to or above the trial work level amount.

<sup>21</sup>In addition to the shared payment approach that targets ticket holders already working, two "employer-driven" service approaches that target ticket holders who are ready to work have also accounted for a greater share of SSA payments to ENs among those with the largest payment amounts: an EN employs ticket holders itself, or an EN primarily works with employers so as to develop and identify jobs for ticket holders, similar to a staffing agency. See [GAO-11-324](#) for more information about these approaches.

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those with the largest payment amounts used this approach and received about \$787,000 in SSA payments, or one-fifth of all payments to ENs. In fiscal year 2009, 3 of the 20 ENs among those with the largest payment amounts used this approach and received over \$4 million, or nearly one-third of all payments to ENs.<sup>22</sup> Two of these ENs simply pass back 75 percent of SSA's ticket payment to ticket holders and retain 25 percent for themselves; and the third offers ticket holders \$500 every 3 months.<sup>23</sup>

Some disability rights advocates and EN representatives said that since program rules do not allow ticket holders to serve as their own ENs, this approach allows them to receive a Ticket program payment for their efforts to find a job on their own. Some EN representatives also said the payment may help a ticket holder meet needed work-related expenses such as transportation, clothing, and child care, increasing the likelihood he or she will keep a job. However, some disability rights advocates and EN representatives said this approach only works for ticket holders who can find employment on their own, and raises questions about the value these ENs add to the program. For example, one disability rights advocate said that it would be preferable for SSA to give the ticket holder the entire payment directly, rather than paying an EN a portion of the ticket payment to serve as a middleman. Additionally, the representatives told us ticket holders may need support after finding employment, such as counseling or help with a disability-related relapse, but choose an EN using the shared-payment approach because they are enticed by the financial incentive and do not anticipate future difficulties. Further, according to one EN representative, because these ENs do not provide a vocational assessment of strengths, weaknesses, and aptitude, ticket holders may end up in a job that is a poor fit,

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<sup>22</sup> Although our review was limited to those ENs receiving among the largest payments in fiscal years 2007 and 2009, through our EN interviews and background review of the EN directory, we identified several other ENs using the shared payment approach.

<sup>23</sup> According to a representative from the third EN, it also provides some ticket holders with benefit planning assistance, although we did not independently verify the services ENs reported providing in our interviews.

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affecting their ability to retain it and, ultimately, reduce dependency on benefits.

Long-term outcomes of ticket holders receiving shared payments compared to those receiving support services is unknown, because SSA does not assess the relative outcomes of ticket holders based on services received. A senior SSA official said that the program must balance the demands it places on ENs to provide services with incentives for them to participate, and that Congress' intent was to provide ticket holders with a choice of services. However, the official acknowledged some concerns about the shared payment approach because the program was not intended to provide a wage subsidy nor assist those who can find employment on their own, but to provide tangible employment-related services to those who can benefit most. After reviewing the draft of our May report, the agency posted new requirements that ENs provide a minimum level of services and periodically assess ticket holders' need for additional services.<sup>24</sup>

SSA also does not compile data on the shared payment approach or any other service provision trends to inform its management and oversight of the program, or to tailor its guidance to ENs. For example, although SSA compiles information on certain types of service providers, such as mental health providers, as part of its efforts to recruit specific providers, it does not obtain comprehensive information on services provided by all ENs. Moreover, while service providers applying to become ENs must indicate which services they intend to provide in a checklist on the application form, and approved ENs must update this information on their annual periodic outcome report to SSA, the checklist does not include shared payments. In our May report we recommended that SSA adopt a strategy for compiling and using data on trends in EN service provision to determine whether service approaches, such as sharing SSA ticket payments with ticket holders, are consistent with program goals of helping ticket holders find and

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<sup>24</sup>Solicitation Number: SSA-RFQ-11-0010J.

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retain employment and reduce dependency on benefits. SSA agreed with our recommendation and officials said they will take steps to identify EN service approaches and assess their consistency with program goals.

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## SSA Lacks Adequate Management Tools for Evaluating Employment Networks and Ticket Holders to Ensure Program Integrity and Effectiveness

SSA has not developed EN performance measures to assess their success in helping assigned ticket holders obtain and retain employment and reduce dependence on disability benefits. Without performance measures, SSA is unable to systematically evaluate EN performance, and ultimately determine whether ENs should be allowed to remain in the program. The Ticket law directs SSA to develop performance measures for quality assurance in the provision of services by ENs, and gives SSA the authority to terminate EN contracts for inadequate performance.<sup>25</sup> Internal control standards for the federal government also stress the use of performance measures for proper stewardship of and accountability for government resources, and for achieving effective and efficient program results.<sup>26</sup>

Lack of performance measures may send the wrong message to ENs, whose staff may be unclear about program goals and send mixed messages to ticket holders about expected outcomes. Of the 25 ENs we interviewed, representatives of 15 said SSA had not adequately articulated performance expectations for serving ticket holders. SSA's EN handbook does state the ultimate goal of the program is to reduce dependence and, whenever possible, eliminate reliance on benefits. Yet, an EN, which had the fourth-largest payment amount from SSA in fiscal year 2009, stated in its last three annual periodic outcome reports that 100 percent of its ticket holders placed in jobs had earnings of less than \$10,000 per year—equating to less than the SGA level, if earnings were accrued regularly over the course of 12 months. In fact, this EN's recorded phone message states that

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<sup>25</sup>42 U.S.C. § 1320b-19(d)(5) and (6).

<sup>26</sup>GAO, *Internal Control Standards: Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

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DI ticket holders can work part time indefinitely without reducing SSA benefits, and its Web site says most of its positions are designed so ticket holders stay below income thresholds for benefit cutoff. With assistance from our investigative staff, we found multiple ENs among those with the largest payment amounts communicating through their Web sites, recorded phone messages, or in our discussions with representatives that as long as DI ticket holders' earnings stay below the SGA level, they can keep full disability benefits (see Fig. 1 for excerpts of calls our investigative staff made to ENs posing as the brother of a ticket holder to learn about the Ticket program and the services provided by the ENs). While full-time employment may be unattainable for certain ticket holders and one key program official told us that part-time employment is acceptable under the 2008 regulations, the official said it should be a starting point, not an end goal. Nonetheless, our review indicates some ticket holders are being coached by ENs, including some of those with the largest payment amounts, to work only part time so as not to jeopardize their benefits.

**Figure 1: Transcript Excerpts of Calls with Employment Networks on Working Indefinitely Without Losing Benefits, September and October 2010**

A GAO investigator phoned multiple ENs on behalf of a fictitious brother, who was portrayed as a ticket holder, to learn about the Ticket program and the services provided by the ENs. Below are excerpts from three calls in which EN representatives told the caller that a DI ticket holder may collect full monthly benefits indefinitely as long as he remains under SGA earnings level, despite the fact that the ultimate goal of the Ticket program is to reduce dependence on benefits.



**EN representative:** “So this is a service where it’s funded by the government, and it’s services of – you know – to the community where they help people with disability find part-time work. Because if they – **if you get any full-time work, then you know, they’re gonna cut you off. So we’re not offering you full-time work.** We’re helping you find part-time work.”



**EN representative:** “What’s important for your brother to know is that right now, as of 2010, **he can go out, work any job that he wants so long as he stays under the \$1,000 a month, he gets his cake and eat[s] it too.** He gets the – he gets his wages, and he gets his full SSDI benefit, and the medical, and everything that goes along with it. **And that can – that can go from today until your brother retires, or whatever.”**



**EN recording:** “As long as SSDI recipients remain under those earning limits and their disability does not improve, **they can work part time and continue to collect their full monthly SSDI check indefinitely.**”

Source: GAO and employment networks.

Note: For the full transcripts of these calls, see [GAO-11-324](#).

Near the conclusion of our audit work, SSA officials told us that they were considering future updates to address EN performance expectations. We recommended that SSA move forward to develop EN performance measures consistent with the requirements of the Ticket law. SSA agreed with this recommendation and published performance measures<sup>27</sup> that SSA intends to enforce when data are available in early 2012.

<sup>27</sup>Solicitation Number: SSA-RFQ-11-0010J.

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SSA also has not consistently monitored or enforced the timely progress of ticket holders who assign their tickets to ENs and VRs in order to assess whether they should continue to be exempt from medical CDRs—a key tool for assessing continuing eligibility for benefits. While timely progress by ticket holders is a regulatory requirement,<sup>28</sup> in 2005, SSA instituted a moratorium on enforcing this requirement and essentially suspended the reviews of timely progress for several years. However, SSA has acknowledged in the preamble to its program regulations and in a 2005 internal memo the importance of reviewing timely progress to ensure ticket holders who have medically improved and no longer meet SSA’s disability requirements do not receive benefits and its disability programs do not incur unwarranted costs. Further, without reviews of timely progress, representatives of some ENs we interviewed said some ticket holders “park” their tickets to get the CDR exemption, for example, by assigning their ticket with no interest in obtaining EN services or reducing their dependence on benefits. Resuming timely progress reviews, they said, would be a positive motivator for ticket holders to engage in EN services essential to obtaining and retaining employment and, ultimately, reducing dependence on benefits.

During the course of our review, in November 2010, representatives of the Ticket program manager (a private company contracted to conduct much of the day-to-day operations, including timely progress reviews) reported they began limited resumption of timely progress reviews, mailing out requests for information on timely progress (the first step in the review process) to roughly 4,900 of the 19,000 ticket holders, or about 26 percent, due for review in November 2010. Given that at the time of our review SSA estimated between 13,000 to 22,000 ticket holders will be due for timely progress reviews each month during the first year of resumption, there is potential for a significant backlog in such reviews. Further, SSA

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<sup>28</sup>Ticket holders who assign their tickets are generally required to make timely progress toward self-supporting employment. 20 C.F.R. § 411.180 (2010). A ticket holder who does not meet the timely progress requirements is no longer exempt from medical continuing disability reviews. 20 C.F.R. § 411.210(a) (2010).

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and program manager representatives told us they will rely on ticket holder and EN self-reported information to assess progress and determine who will continue to receive a CDR exemption, and that they do not intend to independently verify this information against employment records or education documentation. In our past work, we have found that reliance on self-reported information alone can lead to overpayments of SSA benefits.<sup>29</sup>

Accordingly, we recommended that SSA develop a strategy to both ensure that progress reviews of ticket holders are completed promptly and ensure the accuracy of information received. Since our report was issued, SSA has reported they are reducing the backlog of reviews. In addition, SSA has stated that the agency will review a random sample of beneficiaries' cases to check the accuracy and reliability of information compiled when making timely progress review decisions. We welcome such reviews, but continue to be concerned that SSA may not have reliable information on the front end to make timely progress determinations. Given that these reviews are intended as a key integrity tool—to ensure exemptions from CDRs for beneficiaries are appropriate—we continue to believe that SSA needs a more strategic approach to ensure promptness and accuracy.

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Chairmen, Ranking Members, and Members of the Subcommittees, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

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## Acknowledgements

For further information regarding this testimony, please contact Daniel Bertoni at (202) 512-7215 or [bertonid@gao.gov](mailto:bertonid@gao.gov). In addition, contact points for our Offices of Congressional

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<sup>29</sup>GAO, *Supplemental Security Income: SSA Could Enhance Its Ability to Detect Residency Violations*, [GAO-03-724](#) (Washington, D.C.: July 29, 2003) and GAO, *Benefit and Loan Programs: Improved Data Sharing Could Enhance Program Integrity*, [GAO/HEHS-00-119](#) (Washington, D.C.: Sept. 13, 2000).



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Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this testimony are Jeremy Cox, Cady Panetta, and Kristen Jones. Other staff who contributed includes Susan Aschoff, James Bennett, Paul Desaulniers, Luann Moy, Margeaux Randolph, Wesley Sholtes, Vanessa Taylor, and Craig Winslow.

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