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REPORT TO THE CONGRESS



BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

Problems In Administering Supplemental Security Income For The Aged, Blind, And Disabled

Social Security Administration
Department of Health, Education, and Welfare

After over 2 years the Social Security Administration still faces considerable difficulties in making the Supplemental Security Income program an effective, fully functioning alternative to the former State programs of aid to the needy aged, blind, and disabled.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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To the President of the Senate and the
Speaker of the House of Representatives

This report was prepared to furnish the Congress an overview of the major issues facing the Social Security Administration in implementing Supplemental Security Income for the aged, blind, and disabled. We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Secretary of Health, Education, and Welfare, and to the Director, Office of Management and Budget.

A handwritten signature in cursive script, reading "James B. Stacks".

Comptroller General
of the United States

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ABBREVIATIONS

GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
SDX	State data exchange
SSA	Social Security Administration
	ental Security Income

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

PROBLEMS IN ADMINISTERING
SUPPLEMENTAL SECURITY INCOME
FOR THE AGED, BLIND, AND DISABLED
Social Security Administration
Department of Health, Education,
and Welfare

D I G E S T

B

[The Congress established the Supplemental Security Income program to replace State programs for aiding needy aged, blind, and disabled persons.] This was to be a step toward general welfare reform.

[After the program became effective] January 1, 1974, [many benefit payment errors, delays, and other difficulties prompted numerous public complaints, State criticisms, and congressional inquiries about the way the Social Security Administration was operating the new program.]

This report is an overview of Supplemental Security Income for the Congress to use in monitoring the program and in designing future welfare legislation. GAO is currently making various reviews which will address many of the problems discussed below in the depth necessary to make recommendations for their resolution.

fl. [Social Security Administration and State officials said the following issues should be considered to insure the ultimate effectiveness of the new program:

--Certain Federal eligibility and benefit criteria have proved difficult to define and to apply fairly.] Numerous and complicated rules determine an individual's resources and income which affect eligibility for the program and the amount of the benefit entitlement.

For example, an individual's Supplemental Security Income eligibility can be either denied, if he or she has countable resources over \$1,500 at the time of application, or terminated if he or she obtains excess countable resources later.

Conversely, an individual can become eligible if he or she has no excess countable resources either at the time of application or later. As little as a \$1 excess in countable resources can cause ineligibility, even for an individual who has no income!

A one-third reduction in benefits is required by law when an eligible individual is living in the household of another and receiving support from the householder. When to apply this reduction in benefits is a complex and time-consuming determination.

The key issues affecting disabled persons are the possible need to liberalize the definition of disability and the difficulties in making prompt disability benefit payments and in implementing the special provisions relating to drug addicts and alcoholics. (See ch. 2.)

The Supplemental Security Income program was initially conceived as a predominantly federalized, nationally uniform, and administratively simple effort to aid the needy aged, blind, and disabled. Through its legislative development, and later legislative and administrative changes, the program has evolved into a complex, variable system of benefit payments and requires both the Federal Government and the States to administer and finance it.

States that have chosen Federal administration of their supplementation programs have brought into the program numerous benefit payment variations that, along with the Federal criteria, have produced a complicated benefit structure. In addition some States have to bear the costs of Federal cost-of-living increases if the States decide to pass these increases on to their recipients. (See ch. 3.)

Staff and other resource shortages adversely affected administration of the Supplemental Security Income program. Before the program began, resource needs for the program could not be satisfactorily

projected; shortages subsequently occurred.

Experience with the program should result in more accurate resource projections, although some needs still seem particularly difficult to assess. For example, staffing needs depend upon the extent of overtime use, training progress, and the effect of anticipated program improvements. (See ch. 4.)

--So far, program marketing efforts have not increased Supplemental Security Income program eligibility rolls to the extent projected. Early projections of the potentially eligible persons expected to participate in the program included 5.1 million who would be eligible for a Federal payment with an additional 1 million eligible for a State payment if the States chose to supplement. At the end of March 1975, only about 3.7 million persons were receiving Federal payments and an additional 0.4 million were receiving only federally administered State supplementary payments.

Supplemental Security Income applicants may not be adequately advised of social services available through the States. Under the present referral system, only persons specifically requesting assistance receive referrals for social services. (See ch. 5.)

States were concerned about the reliability of Social Security Administration accounting procedures, the correctness of the billing to the States, and payment error rate. The agency has disclosed a payment error rate of 24.8 percent of the caseload: 13.3 percent overpayments, 5.4 percent underpayments, and 6.1 percent payments to ineligible people. Redeterminations of eligibility, which should correct many of these errors, have consistently run behind schedule. (See ch. 6.)

Difficulties were created by the interaction between the Supplemental Security Income program and Medicaid (a State-administered program).

For example, communication of Medicaid eligibility information to the States was not always accurate and timely; this adversely affected both the recipients and the States. Action has been taken to correct this communication difficulty. (See ch. 7.)

So many issues still existed in 1975 because all program preparation or tasks related to transition could not be completed until well after the Supplemental Security Income program replaced former State programs.

Both Social Security Administration and State interview sources suggested several alternatives for avoiding similar difficulties in planning future welfare reforms. (See ch. 8.)

In April 1975, HEW commissioned a panel of experts to evaluate the Supplemental Security Income program. The study group's January 1976 report contained detailed recommendations aimed at correcting some of the problems discussed in this report. (See ch. 9.)

CHAPTER 1

INTRODUCTION

The Supplemental Security Income (SSI) program was enacted as part of the Social Security Amendments of 1972 (42 U.S.C. 1381) as title XVI of the Social Security Act and became effective January 1, 1974. The SSI program replaced the programs of old-age assistance and aid to the blind established by the original Social Security Act of 1935 and the program to aid the permanently and totally disabled established by the Social Security Amendments of 1950. The former programs were grant-in-aid programs under which Federal matching funds were made available to the States according to formulas specified in the law. The States administered these programs. The SSI program, however, is administered by the Social Security Administration (SSA) and funded by the Federal Government, except for benefits paid by the States under their supplementation programs.

The former State programs were replaced by SSI to improve aid to the needy aged, blind, and disabled. A congressional staff study ^{1/} of the program prepared for the Subcommittee on Fiscal Policy, Joint Economic Committee, cited the following principal improvements that SSI would make.

- Many more people would have more cash to spend. Some States would pay less than the new Federal monthly payment standards. In other States, differences in payment computation methods would help some persons.
- A national minimum income would be set for the needy aged, blind, and disabled. States previously controlled payment levels; thus, those levels, quite understandably, varied in the extreme. SSI was to set, for the first time, a nationally uniform minimum income that would protect the target population without regard to its prior status.
- Eligibility conditions, which previously differed greatly from place to place, would become uniform in every State. The same definitions of "blindness" and "disability" would apply everywhere. Common rules would be used in defining and measuring income,

^{1/}"The New Supplemental Security Income Program--Impact on Current Benefits and Unresolved Issues," paper no. 10, Oct. 7, 1973.

in computing payments, and in deciding what assets a recipient could retain. Since those uniform rules would be more liberal than the rules formerly used in some States, many additional needy people would receive aid who could not, or would not, obtain eligibility under the former programs.

--The administrative snarl that previously entangled welfare programs would start to be unraveled. The law would give financial incentives to the States to let SSA run the State supplementation programs in addition to the basic Federal SSI program. Uniformity of rules would greatly simplify administration.

FEDERAL SSI AND STATE SUPPLEMENTARY BENEFIT PAYMENTS

Three cost-of-living increases since the program was enacted raised the maximum Federal benefit per month from \$130 for an individual and \$195 for a couple to \$157.70 and \$236.60, respectively, as of July 1, 1975. The Federal payment level is a base, and States that paid higher amounts to former recipients must supplement the Federal payments through "mandatory minimum State supplementation" to maintain the higher income levels of those recipients. States that do not agree to provide this supplementation are ineligible for Federal participation in the funding of their Medicaid programs. ^{1/} In addition, States can, but need not, supplement Federal payments through optional State supplementation programs. As of August 1975, 37 States and the District of Columbia had some form of optional supplementation program.

States may choose to have SSA administer these supplementation programs without charge. If they so elect, they do not have to pay increases over their 1972 costs for payments to the needy aged, blind, and disabled resulting from increases in the number of eligible persons on the case rolls (called "hold-harmless" protection). However, the States must pay the increased costs arising from benefit increases they have granted since January 1972. States may also have SSA make Medicaid eligibility determinations

^{1/}Title XIX of the Social Security Act provides for Federal funds to be granted to States for establishing medical assistance (Medicaid) programs for low-income individuals and families.

for needy aged, blind, or disabled persons. As of August 15, 1975, 30 States elected Federal administration of their mandatory or optional supplementation programs or both.

The cost of Federal administration and Federal benefit payments is paid from Federal general revenues. (App. VIII lists by State all funds spent for Federal SSI and State supplementary payments.) The estimated fiscal year 1975 and 1976 expenditures follow.

	<u>FY 1975</u>	<u>FY 1976</u>
	(millions)	
Federal benefit payments	\$4,080	\$4,795
Cost of administration	473	499
Federal contributions toward State supplementary payments under the hold-harmless pro- vision	255	190
Federal cost of vocational re- habilitation services provided by State agencies to blind or disabled recipients	<u>49</u>	<u>55</u>
Total Federal cost	<u>\$4,857</u>	<u>\$5,539</u>
State supplementary benefits in States with programs administered by SSA	<u>\$1,225</u>	<u>\$1,210</u>

CLAIMS PROCESSING

An individual applying for SSI benefits visits an SSA district or branch office and meets with a claims representative who takes his or her application and income and resources information. If the application is based on disability, the representative obtains a medical history and a disability report. The district office determines whether the applicant meets the income and resource limitations. A State agency called the disability determination service (under contract with SSA) determines whether the applicant is disabled.

FEDERAL SSI AND STATE SUPPLEMENTATION RECIPIENTS

As of June 1975, about 3.8 million persons received Federal SSI benefits. An additional 0.39 million persons received federally administered State supplementation only. (App. VI lists the number of recipients by State.) About 0.3 million persons received State-administered State supplementary

payments. (See app. VII for a listing by State.) SSA estimated that about 5.1 million persons would receive SSI and/or federally administered State supplementary benefits by the end of fiscal year 1976.

PURPOSE AND SCOPE OF THIS REPORT

This report was prepared to furnish an overview of SSI to the Congress for use in monitoring the program and for designing future welfare legislation. We completed a general survey of the SSI program in early 1975 and gathered preliminary information on its problems, corrective actions taken, and issues to consider for future improvements.

We interviewed key officials of 28 Federal, State, and other organizational entities in 6 SSA regions and SSA headquarters in Baltimore. (See app. II.) We relied on that interview information, plus a limited amount of additional work done in SSA's region X office in Seattle and in Baltimore headquarters, to (1) confirm and document some of our other information, (2) research legislative history, and (3) determine agency plans and actions for resolving issues.

CHAPTER 2

COMPLEXITIES IN APPLYING FEDERAL

ELIGIBILITY AND BENEFIT CRITERIA

State and Federal officials were concerned about various problems in applying Federal Supplemental Security Income eligibility and benefit criteria. State officials seemed particularly concerned about fairness to individuals--that is, why some SSI applicants qualified for or received a certain level of SSI benefits while others did not. Social Security Administration officials seemed particularly concerned about administrative difficulties--that is, how to apply the criteria uniformly and to strike a balance between ease of administration and fairness to individuals.

Determining whether any basic cause can be attributed to the problems involved is difficult because such a wide variety occurs, ranging from limitations on personal assets to medical criteria for determining disability. Generally, State officials suggested a conservative SSA policy in interpreting SSI legislation as a basic cause. SSA officials defended their policy as reflecting the requirements of the legislation.

Two general kinds of criteria affect SSI eligibility and amount of benefit: (1) financial criteria affecting all categories of individuals and (2) medical criteria affecting the disabled category only.

ISSUES AFFECTING FINANCIAL CRITERIA

In determining the eligibility of an aged, blind, or disabled individual seeking aid under the SSI program, two financial criteria must be considered:

--Resources. An individual is ineligible if his or her countable resources exceed \$1,500 (\$2,250 for a couple). In determining countable resources, the following are excluded:

1. A home valued up to \$25,000 (\$35,000 in Alaska and Hawaii).
2. Cash surrender value for life insurance up to a face value on all policies of \$1,500.
3. An auto valued up to \$1,200.

4. Household goods and personal effects valued up to \$1,500.

5. Property essential for self-support. 1/

--Income. Cash or in-kind (produce or commodities) income of an individual reduces the SSI benefits available, except the first \$60 of any income in a quarter, whether earned or unearned; 2/ the first \$195 of earned income and one-half of the remainder of earned income after the first \$195 in a quarter; and infrequent or irregular income up to \$60 unearned and \$30 earned in a quarter.

In addition, basic SSI benefits:

--For an eligible couple are restricted to 1-1/2 times that for an individual.

--For an individual and his or her eligible spouse, if any, living in another person's household are reduced by one-third.

--For patients confined in medical facilities where Medicaid is paying more than 50 percent of their care are limited to \$25 per month.

--For an eligible individual living in the household of an ineligible spouse or parent are reduced by the income deemed available 3/ to the individual.

Many criteria involve complex matters of equity and administration. Two examples will illustrate the complexities.

1/Property essential for self-support is interpreted by SSA to include both real property and other assets necessary for income-producing purposes.

2/Unearned income means all income other than earned, including support and maintenance furnished in cash or in kind, annuities or pensions, prizes and awards, gifts, rents, dividends, interest, etc.

3/The original SSI legislation provided that an individual's income included any income of an ineligible spouse or, in the case of a child, a parent, whether or not the income was actually available to the individual.

Example 1--the resource exclusion

An individual's SSI eligibility can be either denied, if he or she has excess countable resources at the time of application, or terminated, if he or she obtains excess countable resources at any later time. Conversely, an individual can become eligible if he or she has no excess countable resources either at the time of initial application or at any later time. As little as a \$1 excess in countable resources can cause ineligibility, even for an individual who has no income. The person can become eligible, however, by spending or otherwise disposing of the excess. Moreover, the effect of excess countable resources is not limited to Federal SSI benefits because, in many States, Medicaid eligibility and State supplementary benefits depend upon SSI eligibility.

The \$25,000 home exclusion criteria (\$35,000 in Alaska and Hawaii) was authorized by section 1613(a) of the Social Security Act. The act generally provides that, in determining the resources of an individual, a home is excluded if its value does not exceed an amount the Secretary, Department of Health, Education, and Welfare (HEW), determines to be reasonable.

Complexities that could arise in applying the home exclusion criteria include:

- Wide cost-of-living differences between areas of the country could make the use of a national exclusion criteria inequitable. This difference was recognized for Alaska and Hawaii but not for the rest of the Nation. In California \$25,000 often does not buy an adequate home. A home of such value might even be condemned for lack of plumbing. California adopted the Excess Value of a Home program to help persons otherwise eligible for SSI benefits. In this program, no limit is placed on the value of a home for eligibility purposes. Adjusting the SSI home value exclusion for geographic variations might be administratively difficult.
- Many events affecting home value could change a person's eligibility status, either causing a previously denied applicant to become eligible or causing an eligible person's benefits to terminate. The events may be either controllable (a home improvement, like wall insulation, which raises the home value above \$25,000) or uncontrollable (inflation accompanied by a revised property tax assessment or a neighborhood improvement like sewers or sidewalks). In either case,

complexities are presented for both the SSI homeowner, who may try to anticipate such events to avoid a sudden and unexpected loss of benefits, and SSA, which may try to fully inform SSI clients of how the home value exclusion operates and of the need to manage resources accordingly.

Complexities also arise in applying any resource exclusion criteria to property, such as an automobile or household goods. A potential solution would be to discontinue limitations on resources not readily convertible into cash. At the time of our survey, SSA was studying this possibility.

Example 2--the one-third benefit
reduction for an individual living
in another person's household

A one-third reduction in SSI benefits is required by section 1612(a)(2)(A) of the Social Security Act when an eligible individual or eligible couple is living in the household of another person and receiving support and maintenance in kind from that person. SSA officials contend that determining when to apply the one-third reduction provision is one of the most complex and time-consuming determinations that must be made in developing SSI claims.

One State social service employee believes the one-third reduction prevents more people from receiving SSI. She noted that implementing the provision resulted in "intrusions into recipients' private lives" and suppressed "ingenuity in trying to find the best possible living arrangement at the lowest cost."

When a claimant lived with one or more persons, SSA's initial instructions assumed that the claimant was in the household of another and subject to the one-third reduction, unless the other members of the household were related persons whose incomes could be subtracted from the claimant's possible benefits or was an eligible spouse. A claimant had to prove that one-third reduction should not apply. The one-third reduction would not apply if the claimant proved that he or she:

- Was the head of the household; that is, he or she owned the property or was responsible for rent payments.
- Had money invested in the household; that is, he or she was paying a fixed amount for room and board that was at least equal to what similar accommodations would have cost.

--Shared household expenses by contributing an amount at least equal to that provided by others in the household.

At the time of our survey, SSA was studying alternatives to the one-third reduction provision and considering recommending legislative amendments to either (1) eliminate the one-third reduction in all cases or (2) apply the provision only in the cases in which a child was living in the household of a parent.

Other issues

Several other resource and income criteria revisions were being considered, such as whether:

--To start treating certain married couples as two eligible individuals after 1 full month of separation, rather than requiring them, as present SSI legislation does, to live apart for more than 6 months.

--The \$1,500 limit on countable resources is sufficient to cover an individual's emergencies.

--Limiting an eligible couple's benefit to only 1-1/2 times that of an eligible individual penalizes married couples and reduces the cost savings to be obtained by two or more people living together.

ISSUES AFFECTING DISABLED PERSONS

The key issues affecting disabled persons, according to State officials, are (1) SSA conservatively applies the SSI disability definition, (2) disability benefit payments are delayed, and (3) drug addicts and alcoholics are considered under special provisions.

Disability definition

Several States maintain that many individuals who would have been allowed benefits under former programs are being denied disability benefits under SSI. To be found disabled under SSI legislation, a person must be unable to do substantial work because of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last at least 12 consecutive months. Work may be considered substantial even if it is part time, or is less demanding or responsible or pays less than the individual's former work. Presently, \$230 a month is proposed to be used as a guideline for income from such work.

The law further qualifies the definition of disability--the individual:

"* * * is not only unable to do his previous work, but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work."

The law says this national economy test refers to "work which exists in significant numbers either in the region where such individual lives or in several regions of the country."

The statutory definition of disability for the SSI program is the same as that used by SSA for its title II disability insurance program. ^{1/} The difficulty in applying the title II definition to the SSI program was discussed in a July 1974 House Committee on Ways and Means report on SSA's disability insurance program. The report stated that:

"The SSI population has, to a high degree, the characteristics of the borderline cases which have been so difficult to adjudicate under the Social Security definition. SSI applicants, based on the experience of the old public assistance disability program, will have less work experience and education, and will have more mental, alcoholic, and drug addiction problems than Social Security disability applicants. There will also be a higher proportion of women applicants than under the Disability Insurance program who will present problems because of their limited work histories. Moreover, under SSI there is no waiting period required before benefit eligibility, and the applicants are generally in worse financial shape and more likely to need speedier adjudication of their claims. Thus, the appropriateness and administrability of the Social Security definition for SSI should be watched closely. Strict application of the Social Security definition may leave a substantial group of people to State and local resources. On the other hand, more flexible administration may create precedents which could well flow over into the Social Security disability program with very substantial effects on that program and its cost."

^{1/}Title II of the Social Security Act--Federal Old-Age, Survivors, and Disability Insurance Benefits.

On January 14, 1975, the National Council of State Public Welfare Administrators sent recommendations to the Commissioner, SSA, for legislation to liberalize the definition of disability for the SSI program. Generally, the recommendations were:

- To reduce to 6 months the time required before an impairment is considered a disability.
- To replace the present "national economy" test with a "local" test for determining ability to work.
- To allow an individual's ability to obtain a job (considering the cumulative effects of age, education, and work experience) to be judged as part of the basis for determining disability. Thus social, as well as medical and vocational factors, would influence the decision.

In response to these and other recommendations, the Commissioner was considering, at the time of our survey, an SSA proposal to defer recommending any revision in SSI disability criteria until more definitive data became available. According to the proposal, preliminary data available did not lead SSA officials to conclude that the SSI program as it was operating was more disadvantageous to disabled persons than the former State program.

We believe the key questions to be considered in defining disability are:

- Would many individuals who would have been allowed disability benefits under the former program be denied benefits under SSI? To our knowledge, no conclusive evidence on this question has been developed.
- What kinds of cases are involved? An SSA interoffice communication of January 17, 1975, stated that no set of characteristics is available to identify a group of cases allowed under the former program but denied under SSI.
- What possible effects would the national Council's recommendations have on the title II disability insurance program?

On June 5, 1975, the Acting Associate Commissioner, Office of Program Operations, said, on the basis of a meeting with the Commissioner in May 1975, that no action would be taken to revise the definition of disability until the results of a pending survey of denied SSI claimants were

known. The survey would attempt to identify more definitively the characteristics of these claimants and to pinpoint the problems and issues involved in using the SSI definition of disability. The target completion date for the survey was April 30, 1976.

Untimely disability benefit payments

The time needed to start benefit payments to qualified SSI disability applicants has worried SSA and State officials. Apparently much of this time is taken by a medical evaluation to determine disability, which is made by State disability determination services under Federal/State agreements.

At the time of our fieldwork, SSA did not have statistics summarizing the time lapse between receipt of a claim and the start of disability benefit payments. However, SSA was aware that in some cases processing individual claims took over 6 months. Actions taken by SSA have improved the situation; goals have been set to measure further progress but some obstacles remain. In February 1975, SSA's goal, to be reached by June 30, 1975, was to process 90 percent of all disability claims within 66 days and 100 percent within 105 days, except for very difficult cases. An internal SSA report indicates that only 69 percent of all disability claims during August 1975 were processed within 66 days and 89 percent within 105 days.

The long processing times early in the program seem mainly attributable to (1) a work backlog in the State disability determination services and (2) an initially low incidence of paying SSI benefits to individuals presumed disabled (called presumptive disability payments).

The State disability determination services' backlog of pending SSI disability cases reached 214,434 as of March 27, 1974. This was 50 percent of all disability applications the services had received as of that date. By December 25, 1974, the backlog had dropped to 127,772 cases. As of June 25, 1975, the backlog was 119,180.

Presumptive disability payments, authorized by section 1631(a)(4)(B) of the Social Security Act, can be made to an applicant up to 3 months before disability is formally determined if the applicant's condition is such that he or she can be presumed disabled and is otherwise eligible for payments. Presumptive disability payments amounted to only 1 percent of the approximately 320,000 claims by blind and disabled persons allowed during the first 6 months of the SSI program. During the second 6 months, the number increased to 20 percent of the approximately 308,000 claims allowed during

that period. Also, the presumptive disability decisions were being made much earlier during the second 6 months. As shown in a sample of cases, it took 26 days from the time of application to reach the decisions, compared with 86 days during the first 6 months.

To increase the use of the presumptive disability provisions SSA:

- In August 1974 authorized disability determination services to make decisions on presumptive disability on the basis of a claimant's allegations rather than on the basis of medical evidence only.
- In September 1974 allowed district offices to forward the medical portion of claims to the disability determination services before completing consideration of income and resource eligibility if a reasonable assumption could be made that the applicant met the income and resource criteria.
- In February 1975 increased from three to nine the number of impairment categories for which district offices might grant presumptive disability on the basis of an applicant's allegation of disability and the interviewer's observations. (Before this time, district offices made few presumptive disability decisions; almost all were made by disability determination services.)

Another arrangement to help alleviate disability payment delays involved SSA and the States. States may use State or county general assistance funds to make interim assistance payments to SSI applicants during the period of eligibility determination. Under authority granted to SSA (Public Law 93-368, Aug. 7, 1974), it has been developing arrangements whereby States can be reimbursed from Federal funds for interim payments to applicants who qualify for SSI. SSA advised us that as of April 12, 1976, 27 States were interested in contracting with SSA for such arrangements, 25 of the 27 had signed contracts, and 24 of the 25 States were using the arrangement.

Special provisions relating to drug addicts and alcoholics

Under the SSI program, unlike some former State programs, disability payments may not be initiated solely because an individual is a drug addict or an alcoholic. For an applicant to be eligible for SSI benefits, he or she must have a mental or physical impairment severe enough to prevent him or her

from doing any substantial work. To be designated a drug addict or an alcoholic, an individual must show drug addiction or alcoholism as a contributing factor to his or her disability. Very few applicants have qualified on this basis, and most of the disabled individuals who receive payments under the new program as a drug addict or an alcoholic do so because of the grandfather provision 1/ in the law pertaining to converted recipients.

To receive benefits under the SSI program, an individual designated a drug addict or an alcoholic must (1) undergo appropriate treatment in an approved facility, if such treatment is available, and (2) receive benefit payments through a third party designated as a "representative payee." SSA must monitor each individual's compliance with the treatment requirements.

A representative payee is responsible for acting in the best interests of an SSI recipient by insuring that benefits will be used for the recipient's total needs. SSI indicated that finding people willing to serve as representative payees has been difficult. Consequently, in some cases local government agencies have had to act as representative payees.

SUMMARY

Using Federal criteria to determine eligibility and basic benefit levels of SSI clients has caused many complex problems. Generally, the problems involve (1) restrictions upon an individual's resources, income, and benefits and (2) disability, including questions of definition, timely payment, and designating representative payees for certain disabled persons. Although many and varied, the problems are important individually and in total for setting the proper program balance between ease of administering aid and fairness in providing aid. If ease of administration is emphasized, program goals may not be achieved; if fairness in providing aid is emphasized, administration of the program may not be effective.

1/The grandfather provision allows a recipient converted from the State's rolls to be eligible for SSI as long as he or she is continuously disabled as defined by the State plan in effect in October 1972.

CHAPTER 3

COMPLEXITIES IN ADMINISTERING AND

FINANCING SSI BENEFITS

Various Federal and State officials are concerned that the Supplemental Security Income program has become a complex, variable system for paying benefits and requires the combined efforts of the Federal Government and the States to administer and finance it. They contend that it was intended to create a predominantly federalized, nationally standardized, and administratively simple system to aid the needy aged, blind, and disabled.

The crucial factor complicating the benefit system seems to be State supplementation of Federal benefit payments. States supplement basic Federal benefits as a result of two legislative provisions. First, original SSI legislation, recognizing that the Federal benefit amount would not meet the financial needs of beneficiaries in some situations, authorized States to supplement basic Federal SSI payments at their option. This arrangement, provided by section 1616 of the Social Security Act, is called the optional State supplementation.

Second, Public Law 93-66, July 9, 1973, required States to guarantee persons transferred from State rolls that their total incomes would not be lower than they were in December 1973 (the month before the SSI program was to become effective). This arrangement is called the mandatory minimum State supplementation.

As of August 15, 1975, 37 States and the District of Columbia provided optional supplements, and 49 1/_{States and the District of Columbia provided mandatory supplements to Federal SSI payments. (See app. III.) State supplements complicated both program administration and program financing.}

ADMINISTRATIVE COMPLEXITIES

Two administrative complexities exist in the present benefit payment system: (1) SSA administers only about half the State supplementation programs and (2) these programs contain numerous variations in benefit payments.

1/Texas has no mandatory supplementation program because its constitution does not allow participation in this type of program.

Consolidation difficulties

In the House Ways and Means Committee report on H.R. 1, 1/ House Report No. 92-231, May 26, 1971, the Committee recognized the possible need for States to supplement the new program and stated that:

"It would appear generally desirable that such supplementation be provided through the same agencies which would be established to operate the Federal programs."

The committee explained that this:

"* * * would avoid unnecessary duplication of administrative costs, would permit the States to take advantage of the improved methods and procedures which the bill would require, and would tend to foster national uniformity in the operation of assistance programs."

To facilitate consolidation, SSI legislation not only permits the States to enter into agreements that provide for the Social Security Administration to administer State supplementary payments but also encourages such agreements. It does not require the States to contribute toward the Federal administrative costs arising out of these agreements. It protects those electing Federal administration from paying more, under the new program, in recipient benefits (because of increases in the number of eligible persons) under the new program than they paid in calendar year 1972 under their former programs. This protection, called "hold-harmless," does not extend to increased costs from benefit increases granted by the States since January 1972.

Thus, any State may ask SSA to administer either or both of its optional and mandatory supplementation programs. To permit SSA to establish a single-payment system and reduce dual recipient contacts, States having SSA administer their optional supplementation programs generally must also accept SSA administration of their mandatory supplementation programs.

When SSI began on January 1, 1974, SSA was administering about 56 percent of all State supplementation programs then in existence, or 13 of 29 optional and 31 of 50 mandatory programs. These programs accounted for about 85

1/H.R. 1 was enacted as the Social Security Amendments of 1972 (Public Law 92-603), which established the SSI program.

percent of the recipients who received supplements in June 1975. During 1974, nine States added optional supplementation programs but only five elected to administer the programs; another State elected SSA administration of its mandatory supplementation program. Two States terminated SSA administration of their mandatory programs by August 15, 1975.

Why are more States not opting for Federal administration of their supplementation programs when free Federal administration and hold-harmless protection is available? Three factors seem to answer this question.

- States that elect SSA administration must accept Federal eligibility criteria and the limits of the variations in the benefit structure prescribed by the Secretary, HEW, for their supplementation programs. States electing to administer their own supplementation programs are not subject to Federal limits, may make additional payments within their supplementation programs for special needs or circumstances, and may establish their own eligibility criteria.
- States which elect to administer their own supplements are able to make quicker adjustments to reduce their mandatory supplementation costs.(See pp. 21 and 22.)
- A State may believe it can administer the program better than SSA and would like to keep the program closer to the people so it can better serve their needs.

Differences in benefit payment variations

Many variations have been added to the Federal benefit structure to accommodate different State supplementation programs, both optional and mandatory.

Optional supplementation

As indicated by the following excerpt from House Report No. 92-231, the optional supplementation administered by SSA was supposed to incorporate the Federal benefit structure and rarely contain variations.

"* * * In addition, the State supplementation would have to be provided under such terms and conditions as the Secretary finds necessary for effective and efficient administration. In general, it is anticipated that the same rules

and regulations would be applied to both Federal and State supplemental payments with the only difference being the level of such payments. However, the Secretary could agree to a variation affecting only the State supplemental if he finds he can do so without materially increasing his costs of administration and if he finds the variation consistent with the objectives of the program and its efficient administration."

Basic Federal SSI benefits are the same regardless of an individual's basis for eligibility (age, blindness, or disability). They vary, however, for three living situations: living in own household, living in household of another, and confined in a medical facility and receiving more than half the cost of care from Medicaid. However, when these living situations are applied to individuals or couples, the possible variations in Federal SSI benefits increase to nine: individuals in each of the three living situations, couples living together in each of the three living situations, and couples living apart in various combinations of the three living situations. (App. IV lists the Federal benefit variations according to living arrangement.)

In addition, the States can have five variations of supplementary payments to allow for differences in living arrangements and three to allow for differences in geographic locations. Also, some States vary payment amounts among the categories of aged, blind, and disabled.

SSA does not require that common or standard variations be adopted for the State supplementation programs or even be similar to the living situation variations used for paying basic Federal benefits. As of August 1975, 17 State optional supplementation programs were being administered by SSA. None of the States had variations that exactly matched all the Federal benefit variations. (App. V lists the 16 States' and the District of Columbia's optional supplementation payment variations.)

Most States recognized one or more variations of living independently (similar to the Federal variations of living in own household), which resulted in different payment levels. These variations included living with

- an ineligible spouse,
- a dependent person, or

--an "essential" person. 1/

State variations similar to the Federal variation of living in the household of another included living with

- an ineligible spouse,
- one or two others,
- three or more others, or
- an essential person.

Several variations could fall under either the Federal variation of living in one's own household or the variation of living in the household of another. These variations included

- living with others,
- sharing living expenses,
- boarding, or
- boarding and rooming.

How any particular variation applies to an individual in a State depends on the State's definition. State variations also exist for the situation of living in other than a household. These variations are more numerous, due to the differences in the types of facilities available in the various States. Examples include

- out-of-home care,
- adult foster care,
- foster care home,
- public housing,
- domiciliary care,

1/Persons in the household who provide essential care and services for the eligible individual and whose needs were taken into account in Dec. 1973 in determining the needs of the individual.

- licensed adult foster or boarding home,
- custodial care (licensed private facility),
- family home,
- foster or licensed boarding home (less than five beds), or
- licensed boarding home (five or more beds).

SSA officials attributed the numerous variations to the fact that the States are so strongly attached to their basic welfare concepts, even though State programs have been transferred to Federal control. They added that some States continue to seek more variations as old concepts prevail, while other States have already simplified their approach. They said SSA has examined each of the optional programs for complexity and has been negotiating changes with the States.

Mandatory supplementation

Mandatory supplementation contains even more benefit variations than optional supplementation. Mandatory supplementation was designed to provide recipients converted to the Federal program with incomes at least equal to their December 1973 incomes. Since variations existed within States at that time, the mandatory minimum income level varied from recipient to recipient. To establish a recipient's mandatory minimum income level, information on payment amount and amount of income had to be obtained from State and local assistance offices. If States could show that an individual's mandatory minimum income level was based partially on special needs or circumstances (such as special diets, outside meals, or transportation) and that these needs or circumstances no longer existed or had been reduced, the payment could be reduced.

Recognizing special needs and circumstances, therefore, is necessary until the Federal benefit level (and optional supplementation, as applicable) is raised to the point that it exceeds all mandatory minimum income levels. According to SSA officials, the problem of reducing the mandatory supplementary payment is compounded by lack of agreement between SSA and the States as to what constitutes special needs or circumstances.

FINANCING COMPLEXITIES

The Congress anticipated that, under the legislative provision for optional State supplementation, some States would incur benefit payment costs. The extent to which States have become involved, however, was not originally anticipated. Also some States are incurring greater benefit payment costs than expected.

Unexpectedly high benefit costs of State supplementation

The original SSI program legislation contained provisions (1) enabling the States to freely decide whether they would provide supplementary benefits under the SSI program and (2) limiting the States' financial liabilities if they decided to participate. Legislative changes passed before the SSI program became operational, however, restricted the States' freedom to make this decision, and other legislative provisions have increased States' benefit costs. The more important legislative provisions affecting States' participation appear to be: mandatory minimum State supplementation, determination of benefits, and hold-harmless protection.

Mandatory minimum State supplementation

The intent of the original SSI legislation was to allow States to supplement the Federal SSI benefit payment level. The extent to which the States were to be given this prerogative is reflected in House Report No. 92-231. In this report, the Committee on Ways and Means stated that each State would be:

"* * * completely free either to provide no supplementation of Federal assistance payments or to supplement those payments to whatever extent it finds appropriate in view of the needs and resources of its citizens."

The States' freedom to choose to what degree they would become involved in the SSI program was subsequently restricted when the legislation was amended, requiring States to guarantee that the total incomes of those persons transferred from State rolls would not be less than their total incomes for December 1973. The amendment provided for reducing the mandatory payment level for an individual only if his or her December 1973 income level included an amount for special needs or circumstances and these changed.

SSA and some States disagree as to what constitutes special needs and circumstances. consequently, the mandatory supplementary payments to individuals in States that elected SSA administration might have to continue when individuals' needs are reduced. For example, if a State paid a high amount in December 1973 to a recipient who had a high cost-of-living arrangement, the State might have to continue making mandatory supplements up to this high level-- even if the cost of the recipient's living arrangement was later reduced.

SSA officials said States that administer their mandatory supplementation programs themselves can more flexibly adjust a recipient's required payment level because the adjustment does not have to be coordinated with SSA. This flexibility is one reason some States choose self-administration.

Determination of benefits

Another factor that increased the States' benefit payment costs is the manner in which a recipient's benefits are determined. In computing a benefit payment, a recipient's countable income ^{1/} must be determined. By law countable income must be applied first toward reducing the Federal benefit payment. As a result, States can pay all or most of SSI recipients' benefits; this occurs most often in States with high costs of living where countable income is generally high.

Data developed by SSA shows that in three States, for example, federally administered State supplementation payments totaled \$76 million in April 1975 and exceeded by \$26 million the total Federal basic SSI payments of \$50 million in these States. In this situation, these States would probably have been better off financially under the old State adult assistance programs, under which the Federal Government paid over 50 percent of those programs' costs.

Hold-harmless protection

The program legislation requires the hold-harmless provision to be applied when States elect SSA administration of State supplementation payments. States have found that the financial protection actually provided by the hold-

^{1/}Countable income is a recipient's total income minus specific amounts excluded from consideration.

harmless provision is limited. The provision only protects States against increased costs resulting from larger caseloads, not from increases in benefit rates due to inflation and higher benefit levels.

In fiscal year 1975, increases in caseloads caused supplementary benefit costs in six States (California, Hawaii, Massachusetts, Nevada, New York, and Wisconsin) to exceed the States' hold-harmless levels. ^{1/} The Federal Government, under the hold-harmless provision, was bearing the excess. Recipients in these States accounted for about 29 percent of the SSI recipient population. The following chart shows the State supplementation payments for fiscal year 1975 by State.

	State expenditures			Federal expenditure (note a)	Total supplementation
	Hold-harmless level	Unprotected payments	Total		
(000 omitted)					
California	\$380,240	\$229,839	\$610,079	\$ 69,335	\$ 679,414
Hawaii	3,530	-	3,530	1,719	5,249
Massachusetts	58,129	58,076	116,205	42,251	158,456
Nevada	950	403	1,353	637	1,990
New York	167,973	28,590	196,563	69,439	266,002
Wisconsin	19,778	-	19,778	27,175	46,953
Total	<u>\$630,600</u>	<u>\$316,908</u>	<u>\$947,508</u>	<u>\$210,556</u>	<u>\$1,158,064</u>

a/The Federal expenditure is the amount of State supplementation paid by the Federal Government.

States can face a difficult decision because of the hold-harmless provision when the Federal basic SSI benefit level is raised through cost-of-living increases. States have two general options:

- Decrease the supplementation payment by the amount of the Federal increase, leaving the recipients' combined benefits unchanged.
- Maintain the supplementation payment amounts, causing the recipients' benefits to increase by the amount of the Federal increase.

^{1/}A State is at its hold-harmless level when increases in the caseload cause the State's supplementation costs to equal the State's total benefit payment costs incurred during calendar year 1972 for adult financial assistance programs.

The following example, showing a federal cost-of-living increase of \$9 a month for a couple living independently, illustrates these options.

	<u>Payment amount</u>		<u>Increase or</u>
	<u>Before</u>	<u>After</u>	<u>decrease (-)</u>
Option 1:			
Federal basic SSI payment	\$210	\$219	\$9
State supplement	<u>20</u>	<u>11</u>	<u>-9</u>
Total payment to recipient	<u>\$230</u>	<u>\$230</u>	<u>0</u>
Option 2:			
Federal basic SSI payment	\$210	\$219	\$9
State supplement	<u>20</u>	<u>20</u>	<u>0</u>
Total payment to recipient	<u>\$230</u>	<u>\$239</u>	<u>\$9</u>

A State's resulting financial liability for the option selected depends upon whether the State is above its hold-harmless level; that is, whether the Federal Government is paying part of the State's supplementation costs due to the hold-harmless provision. If a State were not at its hold-harmless level and chose option 1, it would reduce its supplementation costs by the amount that it reduced the supplementation payments. Under option 2, the State's supplementation costs would remain the same since the supplementation payments were not changed.

Generally, if a State were above its hold-harmless level and chose option 1, its supplementation costs would remain unchanged, even though its payments to individual recipients would decrease. This would happen because the State supplementation costs borne by the Federal Government under the hold-harmless provision decrease by the total amount of the cost-of-living increase. If a State above its hold-harmless level chose option 2, it would bear the cost of the Federal cost-of-living increase because, while maintaining its old supplementation payment amount, it would have to absorb the decrease in supplementation costs that the Federal Government had been paying under the hold-harmless provision.

This can be illustrated by a hypothetical example.

	Cost to Federal Govern- ment	Cost to State govern- ment	Total payment to recip- ients
	----- (millions) -----		
Before Federal benefit increase:			
Federal benefit payment	\$100		\$100
State supplementation payment:			
Protected by hold-harmless	25	a/\$25	50
Unprotected	<u> -</u>	<u> 25</u>	<u> 25</u>
	<u>\$125</u>	<u>\$50</u>	<u>\$175</u>
After Federal benefit increase--no pass through (note b):			
Federal benefit payments	\$120		\$120
State supplementation payments:			
Protected by hold-harmless	5	a/\$25	30
Unprotected	<u> -</u>	<u> 25</u>	<u>c/25</u>
	<u>\$125</u>	<u>\$50</u>	<u>\$175</u>
After Federal benefit increase-- pass through:			
Federal benefit payments	\$120		\$120
State supplementation payments:			
Protected by hold-harmless	5	a/\$25	30
Unprotected	<u> -</u>	<u> 45</u>	<u>c/45</u>
	<u>\$125</u>	<u>\$70</u>	<u>\$195</u>

a/We assumed the State's calendar year 1972 expenditures were \$25 million.

b/No pass through: State reduces its supplementation payment by the amount of the Federal benefit increase.

c/This is the amount by which the total payments to recipients exceeded their adjusted payment level. 1/ In this table the adjusted payment level is assumed to total \$150 million (the amount of the Federal payment plus protected State payments).

1/The "adjusted payment level" is defined as the amount of the payment that an aged, blind, or disabled assistance recipient without any countable income would have received under a State plan in effect in Jan. 1972 plus an amount not to exceed the sum of a payment level modification and the bonus value of food stamps.

BEST DOCUMENT AVAILABLE

This is only one example and does not explore all the complications that can occur. However, it does show that, as the Federal benefit increases, the gap between the Federal payment level and the adjusted payment level decreases, resulting in fewer State payments being subject to the hold-harmless provision. Eventually, the Federal payment level will equal or exceed the adjusted payment level for all States. At that time no State payments will be subject to the hold-harmless provision. All Federal benefit increases will then be borne by the Federal Government.

SUMMARY

Major complexities face SSA and the States in administering and financing SSI benefits:

- Many States have not chosen to have the Federal Government administer their supplementation programs, even though Federal incentives are available to consolidate administration under one head.
- States that have chosen Federal administration of their supplementation programs have transferred numerous benefit payment variations that, along with the Federal benefit criteria, have produced a highly complex benefit structure for SSA to administer.
- SSI is becoming, in many cases, a larger State responsibility than anticipated because of unexpectedly high State supplementation costs. A predominantly federalized program was planned.
- Because of the way the hold-harmless provision operates, those States above their hold-harmless levels bear the cost of a Federal cost-of-living increase if they decide to pass the Federal benefit increase on to their recipients.

These complexities, in our view, should concern program planners and decisionmakers because they directly affect the objective--a simple, standardized, federalized program--for which the Congress reformed the former Federal-State programs of aid to the needy aged, blind, and disabled.

CHAPTER 4

ADEQUATE STAFF AND OTHER RESOURCES

NEEDED FOR ADMINISTRATIVE SUPPORT

During the first year, shortages in staff, space, and other necessary resources adversely affected the Supplemental Security Income program. Shortages caused:

- Heavy use of overtime within the Social Security Administration.
- Reported overcrowding and long waiting lines at many district offices.
- Large backlogs of pending work.
- Delays and errors in processing claims.

SSA personnel pointed out that the shortages existed in the first year and attributed them largely to time-consuming, transitional tasks that SSA faced in trying to convert from the former State adult aid programs to the new Federal SSI program. (See ch. 8.) While many of the early, transitional tasks were almost completed at the time of our survey, other problems and tasks continued to affect SSA's need for staff, space, and other resources.

STAFFING

According to the Department of Health, Education, and Welfare--SSA fiscal year 1975 supplemental budget justification, the staffing shortages resulted because SSA relied on past experience with the title II insurance program to project staffing needs for the SSI program. Since these estimates were low, SSA had to ask for additional staff to support the program.

In March 1974, the Secretary, HEW, testified before a subcommittee of the House Committee on Appropriations that about 13,000 to 14,000 people would be needed for the SSI program when it became fully operational. At that time, about 72,000 permanent positions had been authorized for SSA, of which 15,000 were to administer the SSI program. In July 1974, however, SSA reported to HEW that, on the basis of experience, an increase of about 12,500 permanent positions was needed--mostly for the SSI program. A supplemental budget was submitted to the Senate in March 1975 requesting an increase of about 11,500 temporary positions and about

3,200 staff-years of overtime. The supplemental budget included a reduction in permanent positions to meet SSA's share of a 2-percent reduction in employment for all Government departments ordered by the President. The supplemental budget request stated that using temporary staff would be appropriate because much of the work would take only 1 or 2 years.

This shows that the ultimate staffing level needed for the SSI program is not known. Several questions need to be answered.

- How long can overtime be relied on for meeting SSA's district and branch office responsibilities? The responsibilities of district and branch offices include informing the public about SSA programs, assisting the public in filing claims, and entering data in the central processing and record system through which payments are made to SSI clients. According to interviews with State and Federal officials, staff shortages had a very bad effect on these offices. Their overtime jumped from about 1.2 million staff-hours in fiscal year 1973 to about 4.9 million staff-hours in fiscal year 1974 (about 300 percent). Their staff increased from 29,023 to 36,266 for the same period (about 25 percent). District office officials said use of overtime has hurt employees' morale and performance.
- How will additional training affect district office staff efficiency? Many SSA officials said training for the SSI program was inadequate. Problems cited included: inexperienced trainers; incomplete, contradictory, or rapidly changing instructions which made training difficult; and too little time to prepare for or provide training. While improved training will not solve all the problems with the SSI program, productivity should improve as training increases and the staff becomes more familiar with the SSI program. SSA reports that training is being given a very high priority in field offices.
- How will agency responsibilities be added or simplified as a result of SSA program improvements in electronic data processing systems, the social service referral system, SSI interaction with the Medicaid program, Federal eligibility and benefit criteria, and the structure of State supplementation benefit programs?

SPACE NEEDS

SSA officials said the increased staff and caseloads due to SSI created a need for additional space in many SSA district offices. These space shortages apparently forced many applicants to wait long periods in crowded reception areas with insufficient restrooms; prevented claims representatives from keeping an atmosphere of confidentiality when interviewing applicants; and created crowded working conditions.

One reason SSA could not get more space was that in August 1974 the General Services Administration prohibited (due to restricted funds) new contracts requiring rent payments. The prohibition was not lifted until late December 1974, when a supplemental appropriation of \$14 million was authorized. By then, SSA had 457 requests for space pending, of which 105 were considered critical.

The General Services Administration seemed aware of SSA's problems and, except for renewals of existing leases or leasing actions dealing with safety, national security, energy conservation, and law enforcement, ordered that HEW and SSA be given space first. As a result, HEW's Division of Facilities Engineering and Construction projected in March 1975 that approximately 70 new offices would be occupied within 6 months. Most SSA regions anticipated that almost all of the most critical problems would be resolved by the end of fiscal year 1975.

SSA expected 2 of its 10 regions, however, to have serious space problems beyond fiscal year 1975--San Francisco--region IX--and New York--region II. In New York, SSA detailed employees to help the General Services Administration acquire space.

DATA PROCESSING

In designing the SSI program, SSA attempted to provide for automatic data processing to establish and maintain client records and to make prompt payments. SSA officials explained that, after the SSI legislation was enacted, only 14 months were available to establish the system whereas at least twice that time was needed. When it was necessary to design the data processing system, SSA policy decisions were not firm. This caused Bureau of Data Processing officials to reach inaccurate assumptions about the information needed and how the system should be designed. Amendments to the basic SSI legislation, such as adding mandatory supplementation and increasing benefit amounts, changed program needs, and it was necessary to change the system at the last minute.

Much specific information was required that the system could not provide. For example, the amendment requiring mandatory supplementation necessitated information on recipients converted to the Federal program. The information, however, had not been obtained from the States.

In August 1975, the Bureau of Data Processing identified about 190 improvements in data processing needed to make the SSI program more effective. About 47 percent were expected to be completed or at least started by the end of 1975.

State data exchange system

SSA developed the State data exchange (SDX) system to provide a method for prompt exchange of Federal-State information on SSI recipients. The reliability of information obtained from SDX greatly concerned the States, because many used that information to establish and maintain Medicaid rolls. (See ch. 7.)

Many States have had problems with SDX, including:

- Inaccurate SDX files and data, such as incorrect living arrangement codes, incomplete or invalid records, and incorrect terminations.
- Late receipt of SDX files, causing delays in notifying States of high-priority cases or cases needing immediate attention, such as persons entering hospitals or nursing homes.
- Lack of adequate or current information on and numerous changes to the SDX system.
- District office processing was slow and prone to error due to application backlogs, lack of post-eligibility actions to close cases, and changed addresses and living arrangements.
- Inability to use data for fiscal accountability and auditability.

SSA has worked with the States to improve their understanding of and their ability to use the data received through the SDX system. SSA is also studying ways to improve the information furnished to the States, including providing them with case-by-case accounting data.

SSA data acquisition and response system

To facilitate communication and transmittal of information between SSA headquarters and field offices, SSA developed the data acquisition and response system. This system was to be used to query SSA's computers and obtain immediate information about SSI applicants, to enter claims data in the central files, and to transmit messages to other SSA installations.

SSA officials said the response system was designed to provide replies to an average of 20,000 inquiries daily from its field offices, with a maximum of 40,000 inquiries daily. After it was begun, however, the response system received an average of 50,000 inquiries daily, with a maximum of 100,000. Also, due to computer or power failures, the response system could not provide timely replies. This hindered district office employees from completing their work promptly and imposed a longer wait on SSI applicants.

At the time of our survey, SSA had already expanded and planned to further expand the response system.

SUMMARY

Staff and other resource shortages adversely affected program administration, but SSA is aware of these problems and is taking action to alleviate them. Before SSI began, SSA did not have a satisfactory way to project SSI resource needs and, thus, shortages occurred. Experience with the SSI program should result in more accurate resource projections; some needs, however, still seem particularly difficult to assess. For example, staffing needs depend upon the extent of overtime use, training progress, and the effect of anticipated program improvements. The measures SSA is considering or taking to alleviate the shortages and to keep resource needs at a minimum should help insure efficient administration of the SSI program.

CHAPTER 5

CONCERN OVER CLIENT CONTACTS

Social Security Administration and State officials were concerned whether Supplemental Security Income client contact was adequately (1) making the program known to all potentially eligible persons and (2) insuring, through social service referrals, that all qualified persons are aware of State or local social services.

Making into the Federal programs the programs providing financial aid to the needy aged, blind, and disabled was expected to result in an increase in the people receiving such aid. Although SSA tried to identify the individuals eligible for the SSI program, the resulting increase in the case rolls was far short of that predicted. Some Federal and State officials interviewed said many potentially eligible individuals were not being reached. Have SSA's outreach efforts been fully effective?

States are responsible for determining eligibility for social services and for delivering the services. Some officials said many individuals applying for SSI were not being made adequately aware of social services available from the States. How extensive were SSA's efforts to refer SSI clients to States for social service help?

PROGRAM OUTREACH

When the SSI program was being developed, SSA reported to the Congress that about 7 million persons lived in the United States "whose known income and resources would make them eligible" for financial aid. Of this number, SSA estimated that about 10 percent would not participate in a financial aid program because they would be entitled to a very small benefit and would never file a claim. Of those who would participate, SSA estimated that about 5.1 million would be eligible for a Federal SSI payment and an additional 1 million would be eligible for a State payment only if the States chose to supplement the Federal aid. SSA expected about 3.3 million persons to be converted from State and local assistance rolls to Federal rolls. SSA reported that the additional 2.8 million persons who would receive SSI or State supplementary payments were those not participating in the State programs because those programs previously had

lien law restrictions, 1/ relative responsibility clauses, 2/ or resource limitations and payment levels lower than SSI's. The projected increase in the number eligible to receive aid was identified in House Report No. 92-231 and may have been one justification for making the former State programs Federal.

To enroll some of these additional people, SSA proposed sending an informative, applicant-screening package concerning the SSI program to selected title II beneficiaries in April 1973. The package would be sent to beneficiaries receiving less than a specified monthly benefit and not getting State old-age assistance and would ask them to contact SSA only if they met the screening criteria contained in the package. The Secretary of Health, Education, and Welfare rejected SSA's proposed SSI screening project. The Special Assistant to the Secretary for Welfare Matters recommended deferring the project indefinitely because SSA was facing many pressing priorities and had to make several policy decisions. He also said the screening program could cause an abrupt increase in the rolls of the needy aged, blind, and disabled during the transformation from State to Federal rolls and State administrations were already overworked and understaffed.

The first major outreach project undertaken by SSA was called SSI-Alert and began in early 1974. This national project was designed to combine the resources of SSA, the Administration on Aging, various governmental agencies, and several voluntary private groups to reach and provide information to aged, blind, and disabled individuals who might be eligible for SSI. Local volunteers were recruited and trained to explain to individuals or groups of individuals the nature of the SSI program and how to determine eligibility. SSA district offices were to provide the technical staff to train the volunteers. Most volunteer groups stopped working about June 30, 1974.

1/Requirements, which a State may impose as conditions for receiving a State payment, that a lien (a legal right to hold property or to have it sold or applied for payment of a claim) be placed on the property of a recipient or that an individual sign an agreement to reimburse the State agency for supplementary payments received.

2/Requirements, under State relative responsibility laws, that a contribution toward support be made by specified relatives of a recipient.

The project did not always operate as smoothly as anticipated, and the project results were reported by SSA and the volunteer organizations as disappointing. The project was reportedly hindered by the following:

- A short amount of time was allowed for the local volunteer groups to organize and complete extensive outreach.
- SSA did not provide the resources (such as publicity and training materials or supplies) it had agreed to provide promptly or in sufficient quantity.
- The volunteer organizations were unable to recruit as many unpaid volunteers as needed.
- Volunteers were reluctant to visit homes and make intensive door-to-door interviews.
- Volunteers did not interpret and apply eligibility criteria consistently when making referrals to SSA district offices.

SSA could not, throughout the entire project, determine the number of claims submitted as a result of the SSI-Alert project. One SSA regional office reported that the high proportion of obviously ineligible referrals reduced the effectiveness of the project. Most district managers in this region felt the low yield of eligible applicants, considering the time and effort spent, did not make the SSI-Alert project worthwhile.

The second major outreach project, called the master beneficiary record leads project, was begun by SSA in May 1974. It was similar to the screening project proposed in March 1973 by the SSA Commissioner. A search of the social security records had revealed that approximately 5.2 million individuals were receiving benefits low enough to make them potentially eligible for SSI payments. These "leads" were extracted from the records and forwarded to the local social security offices. An information packet was also designed and furnished to the local offices in late July 1974 to be mailed to the potentially eligible individuals, offering them an opportunity to file a claim for payment. The project's target completion date was March 31, 1975. The final statistical report for the project indicated that slightly more than 2.5 million forms were returned. The statistics showed that, of those returned, approximately 200,000 resulted in formal applications for SSI payments.

Notwithstanding SSA's major projects and many other local efforts to reach groups of potentially eligible individuals, such as the mentally ill and the physically disabled in State hospitals, only about 3.7 million persons were receiving Federal SSI payments at the end of March 1975. An additional 0.4 million were receiving only federally administered State supplementary payments. (The 4.1 million total includes about 2.7 million persons converted from the State roles.) In addition, 12 of the 23 States administering their own supplementation programs reported to SSA that, as of February 1975, about 33,000 persons received only the State supplementary payments. The remaining 11 States administering their own supplementation programs did not report this type of information to SSA.

SSA officials believe that they originally overestimated the number of potential SSI recipients. However, because some potentially eligible people still have not been reached, the Commissioner has committed SSA to a continuing outreach program to include:

- Exploring with other Federal agencies the possibility of a cooperative outreach effort.
- Conducting training with the Veterans Administration, the Civil Service Commission, and State and local agencies so that these agencies' employees will know enough about the SSI program to identify and refer potential recipients to it.
- Obtaining suggestions from organizations with special interests in the aged, blind, or disabled for ways to inform those potential SSI recipients not reachable by means already devised.
- Continuing district office staff participation in local activities which have been found to be most productive in their communities.

SOCIAL SERVICES

Because the SSI program resulted in the splitting of benefit payment and social service functions between SSA and the States, close coordination between SSA and the States is essential. As a result of the split functions, individuals applying to SSA for financial assistance may not be aware of available State social services.

HEW reported that studies have consistently shown that few people have accurate knowledge of the kinds of community

services provided and where they are located. Although not required to do so by legislation, SSA has a basic policy of providing information and referral services to all age levels and segments of the population that contact district and branch offices, including those applying for SSI.

Several State and Federal officials we contacted were concerned that, frequently, social services are no longer provided to the aged, blind, or disabled because SSA is not adequately making referrals. Some State officials interviewed maintained that their social service caseloads had dropped significantly since SSI began. Some Federal and State officials believed more initiative should be taken in determining the social service needs of SSI recipients and in informing them of service availability.

Social services that the States can provide include child care, services related to managing and maintaining a home, day care, transportation, and preparing and delivering meals. The types of social services available vary from State to State. Therefore, to best meet its referral responsibility, SSA established a national policy that referral procedures should be established in a manner to best meet the need of each State or local situation. SSA gave each local social security office the authority to work out the mechanics of referral within the State or local agency, so procedures would be tailored to the resources and delivery system of the community involved.

SSA issued broad guidelines for its local offices to use in establishing information and referral procedures. For instance, each field office is expected to maintain or have direct access to an information file so an SSA interviewer can obtain information to pass on to an inquirer about available services and can properly refer him or her to a provider of those services. The interviewer is only responsible for helping the inquirer identify his or her social service needs, giving information to the inquirer about services and facilities, and establishing a connection between the inquirer and the available service. The inquirer is to be free to decide whether he or she wishes to contact a suggested referral. The SSA interviewer is not expected to provide personal counseling.

SSA officials said district offices can face the following problems in implementing the guidelines:

- Unless trained in social work, SSA employees cannot always recognize that a client requires social services.

--The multiplicity of social services available makes it difficult to select the one to best meet the client's identified need.

--The multiplicity of agencies providing social services makes it difficult to select the one best qualified to provide the particular service needed.

--Staff and other resource shortages do not allow much time to be spent on social service referrals.

One criticism by some Federal, State, and local officials was that, under SSA's present referral system, only SSI clients specifically asking for referral assistance receive it. SSA acknowledged that most referrals were made in response to direct inquiries but it defended this policy. Suggesting sources of assistance in the absence of an expressed request required "tact and due regard for the individual's right of privacy." SSA instructed its district office personnel to take that initiative when the situation warranted it.

SSA had started to improve its information and referral services. For example, "outstationing," whereby State social service workers from eight States were employed in selected SSA district offices, was conducted in 1974 to determine whether this would improve service to needy people. This project varied from office to office, depending upon local needs and wishes. The project began in January 1974, but the formal evaluation only included July through September 1974 to allow the project time to mature.

In evaluating the overall results of the test program, SSA concluded that, in some cases, more comprehensive and professional information and referral services were provided. The presence of and the training provided by the social workers reportedly increased the SSA staff's awareness of the social service needs of SSI recipients. SSA found, however, that outstationing might not be feasible in all locations because two States terminated their project agreements due to a "lack of public interest and participation." The program did not provide full or one-stop service ^{1/} to the inquiring public and, therefore, served only a referral function that could be performed by SSA personnel. The SSA program evaluators recommended that alternatives to the project be considered, including:

^{1/}"One-stop service" is defined as authority to complete forms and applications and approve services, such as rent subsidies and food stamps.

- Authorizing outstationed social service workers to complete forms and applications for services (such as subsidies and food stamps).
- Locating a district and a welfare office in the same place (either side by side or within a human resource center) to provide complete one-stop service.
- Cross-training SSA employees and social service workers to enable employees to provide improved referral services.

SSA stated that dividing responsibility for money payments and social services makes it important for each agency to clearly know the other's role, responsibilities, and authority. Perhaps because of insufficient coordination, disagreements resulted concerning SSA's social services referral role, responsibilities, and authority. SSA reported that, after the new program providing grants to States for furnishing social services 1/ is fully implemented, a clearer pattern may show what, where, and how social services will be delivered at State and community levels. Throughout the past 2 years, social services have been in a state of flux without clear indications of what services are available to SSI clients for referral purposes.

SSA officials have expressed concern about:

- The difficulty of specifying at what point a service goes beyond providing information and referral and becomes a social service.
- The necessity for States to accept their share of the responsibility for informing people about title XX social services programs.
- The restrictions and complications placed on referral procedures by the privacy act.
- The propriety of using SSA funds for information and referral purposes.

SUMMARY

Program outreach results fell short of expectations in terms of numbers of SSI clients on the rolls. Also, social services available from State sources might or might not

1/Title XX of the Social Security Act, effective Oct. 1975.

have been reaching needy SSI clients because of SSA referral practices. The coordination already begun should help resolve these issues, which affect the availability of benefits to potential millions of needy aged, blind, and disabled persons.

CHAPTER 6

MONITORING PROGRAM IMPLEMENTATION

The Social Security Administration established processes to monitor the accuracy of Supplemental Security Income eligibility determinations and other aspects of program implementation, including:

- Redetermining eligibility.
- Insuring program quality.
- Discovering and recovering overpayments.
- Accounting for State supplementary payments.

Accurate eligibility determinations are important because incorrect payments can result in either hardships to recipients or unnecessary Federal costs due to overpayments or payments made to ineligible individuals. Further, the States are concerned about the accuracy of Federal billings where the Federal Government administers State supplementary benefits.

REDETERMINATIONS

SSA was having considerable difficulty reevaluating annual eligibility for benefits and the amount due, as required by its regulations. The redeterminations were done by district or branch office personnel through face-to-face or phone interviews with the recipients or their representative payees.

After the SSI program began, priority in making determinations was given to cases converted to Federal rolls. The purpose of these redeterminations was to validate and to correct, where necessary, information received from State welfare agencies as well as to obtain information not contained in the State conversion files. A target date for completing the redeterminations for conversion cases was first set for December 31, 1974, but later changed to June 30, 1975. SSA officials said these targets were not met because staff shortages and other transitional tasks (for example, processing

roll back cases 1/) reduced the time available for staff to work on redeterminations. As of the end of August 1975, however, about 1.26 million recipients, including about 115,000 converted cases, of the approximately 4 million on the SSI rolls had not been redetermined. SSA expected to complete the first round of redetermination by the end of 1975.

The redetermination results indicate that many converted cases contained errors. SSA statistics for November 4, 1974, through March 26, 1975, show 689,651 redeterminations completed (most of which were for converted cases) that included 114,773 cases requiring a change action.

<u>Type of action</u>	<u>Number of cases</u>	<u>Total amount per month</u>	<u>Amount per case</u>
Termination	15,477	\$1,103,923	\$71.33
Suspension	8,872	748,304	84.34
Increase	25,089	1,209,984	48.23
Decrease	<u>65,335</u>	<u>3,609,175</u>	55.24
Total	<u>114,773</u>	<u>\$6,671,386</u>	

The above table includes only actions affecting Federal SSI benefit amounts. The net result of the redetermination process was to reduce SSI payments by an estimated \$4.25 million per month. For the same period, the redetermination process resulted in an estimated net decrease of \$1.12 million in federally administered State supplementary payments per month.

Some SSA officials were concerned that the quality of completed redeterminations might be poor, which could result in continued incorrect payments and payments to ineligible individuals. According to SSA officials, such problems might be due to the complex nature of the legislation (which includes provisions on living arrangements and mandatory State supplementation) under which the SSI program is administered.

1/)Public Law 93-233, Dec. 31, 1973, added an additional requirement (the roll back provision) for converting individuals disabled under the previous State-administered programs to the SSI program. Under the roll back provision, the individual must have received aid for at least 1 month before July 1973. Roll back cases (recipients who received aid in Dec. 1973 but did not receive it for at least 1 month before July 1973) must be redetermined under the Federal SSI criteria.

SSA reviewing officials 1/ pointed out that SSA instructions were not clear as to what constituted a completed redetermination. For example, they reported that it was not clear whether recovery of overpayments was part of the redetermination process. District offices were reportedly interpreting this point both ways. This may have resulted in inconsistent reporting on how the redetermination process was progressing.

Near the end of our survey, SSA was trying to improve its processing of redeterminations. Approximately 5,000 additional staff-years had been requested to complete the initial redetermination process. This increase was needed because SSA underestimated the time required to complete a redetermination for a converted case. The original estimate of about 26 minutes per redetermination was revised to about 154 minutes. SSA was also studying (1) the possibility of classifying cases according to the frequency with which a redetermination of a particular type case should be made as well as (2) a proposal to redetermine identified low-risk cases by means of a short-form, mail-out questionnaire rather than a full interview.

QUALITY ASSURANCE

The SSA quality assurance system was designed to provide information to management on how well the SSI program is operating. This system serves to monitor State supplementary payments and to identify possible fraud cases for referral to personnel of the SSA Program Integrity staff.

To assure quality, a random sample of SSI cases is selected for review each month and the review results are combined over a 6-month period to achieve statistical reliability.

A total of 23,013 cases processed during July through December 1974 were reviewed. Deficiencies were found in 7,362 of these cases. The error rates and average amounts of error for the deficiencies were as follows.

1/Officials on the Bureau of Supplemental Security Income District Office Visit Committee who reviewed redeterminations in their district office visits in the first quarter of 1975.

	<u>Case error rate</u>	<u>Average amount of error</u>
Overpayments	13.3	\$ 53.60
Underpayments	5.4	41.99
Payments to ineligibles	<u>6.1</u>	101.25
Total	<u>24.8</u>	

The 7,362 cases contained a total of 8,799 deficiencies, 1/ or an average of 1.2 deficiencies per case. Over half of the deficiencies (55 percent) involved incorrect data on a recipient's income, and an additional 19 percent involved incorrect information on a recipient's living arrangements.

SSA officials thought the results of their samples, which consisted predominately of cases converted from the State rolls, told more about the conversion process than they did about the handling of new claims. Quality assurance results from the State-run program 2 years earlier showed generally the same percentage of errors.

Federal fiscal liability

In addition to measuring the accuracy of Federal SSI payments, the quality assurance system was designed to measure the accuracy of federally administered State supplemental payments. Under agreements with the States, SSA is generally legally responsible if specified accuracy rates are not met.

SSA requires that accuracy rates be established for a base period (July through December 1974). For this period, SSA is legally responsible only for specifically identified cases. Beginning with January 1975 the sample finding will be extrapolated (a known will be inferred from an unknown) to the universe of recipients of federally administered State supplements in each State and the Federal Government will be accountable to the States for the amount of payments above the established accuracy rates. These rates are reduced in three steps until they reach the permanent standard of 3 percent for ineligibles and 5 percent for overpayments.

1/SSA defined a "deficiency" as "an action (or omission) on the part of SSA or the recipient which resulted in an incorrect eligibility determination, a payment amount that was more or less than the proper amount, and/or a material change (one affecting timeliness of payment, etc)."

Under agreements between SSA and the individual States, SSA is generally legally responsible if the accuracy rates specified in the agreement are not met.

In June 1975, it was too early to tell how well SSA was progressing in reducing the error rates. SSA officials said actions were being taken to correct the cause of errors. As an example they cited improvements made in the computer system used to assure that title II insurance program benefit payments were accounted for in determining eligibility and benefit levels under the SSI program. Because of the program complexities mentioned elsewhere in this report, however, we are concerned that SSA may have trouble reducing the error rate for the SSI program to acceptable limits. This concern is also based on SSA's limited progress in reducing the errors in the State-administered Aid to Families with Dependent Children program. For SSI, the acceptable limits for error rates were patterned after the quality control program for the Aid to Families with Dependent Children program.

OVERPAYMENTS AND RECOVERIES

SSI legislation provides that, whenever the Secretary of Health, Education, and Welfare finds that an individual has been paid an incorrect benefit, proper adjustment or recovery must be made. An overpayment is not collected when the individual did not cause the overpayment and recovery would be unfair, would be against good conscience, or would impede program administration. Both the quality assurance system and the redetermination process help identify individuals whose benefits have exceeded their entitlements.

Overpayments for January 1, 1974, through June 30, 1975, that had been identified as of September 8, 1975, amounted to about \$424.6 million. Of this, about \$39.7 million had been waived (intentionally relinquished), about \$3.5 million was expected to be collected, about \$3.8 million was determined to be uncollectable, and about \$28.5 million had been collected through refunds and returned checks. SSA is studying the actions it should take concerning the remaining 1.2 million recipients, with overpayments totaling about \$349 million.

ACCOUNTING FOR STATE SUPPLEMENTATION PAYMENTS

Each month SSA prepares and sends to those States whose SSI programs are federally administered a statement (Form SSA-3700) to inform them of the SSI disbursement (money spent) for the month and the cumulative disbursement for the fiscal year. The States are accountable to the Federal Government

for the expenditures made on their behalf. The States, however, are concerned about the reliability of SSA's accounting procedures and, hence, the correctness of its billing to the States.

One State welfare representative cited an incident in which, on July 16, 1974, the accountability form received from SSA showed that the State owed a total of \$650,000 for the fiscal year. On September 30, 1974, the State received a final report for the same fiscal year. It showed that the State owed a total of \$4,889,000. Despite this wide variation and the fact that he had visited SSA headquarters to clarify the matter, the representative said a satisfactory explanation of the basis for SSA billings could not be provided. (According to SSA, the difference in these two figures resulted from an adjustment in the adjusted payment level and an adjustment in the State's hold-harmless level due to the HEW Audit Agency audit of Federal/State liability.) In his opinion, the methods used for developing the financial statements upon which such billings were based were "ridiculous." Auditors from two other States said in a seminar with the HEW Audit Agency that "the Form 8700 is totally worthless and meaningless." However, according to SSA, information on what the States felt necessary for inclusion in the report was requested and received from the States before the Form SSA-8700 was designed.

Many States apparently expected the SDX system to account for Federal expenditures made for State supplements. According to SSA, however, the SDX system was not designed to account for Federal expenditures, partly because it does not reflect one-time and emergency payments and refunds or deposits (credits). This is reportedly well known, but some States continue to use the SDX system for this purpose because it is the only record of Federal payments made to individuals that is available to the States. New York, for example, will not make any payment to the Federal Government without support for the billing. It has, therefore, repaid only those expenditures that are supportable from its calculations, which are based on information obtained from the SDX system.

At the time of our survey, the HEW Audit Agency, with the cooperation of the State audit agencies, was making an audit to settle Federal/State financial liability for the first 6 months of the SSI program (Jan. through June 1974). The States involved requested that the HEW Audit Agency make a similar audit to settle Federal/State liability for fiscal year 1975.

SUMMARY

Redeterminations of eligibility for SSI benefits and of the amount due consistently ran behind schedule. Apparently, SSA redeterminations will not catch up to the current workload until sometime in 1976. The quality assurance system disclosed a payment error rate of 24.8 percent for SSI recipients. States were concerned about the reliability of SSA's accounting procedures and the correctness of its billings to them.

A successful SSA monitoring program will help reduce payment errors in the SSI program.

CHAPTER 7

INTERACTIONS WITH MEDICAID

Various State and Social Security Administration officials were concerned about interactions between the Supplemental Security Income program and State-administered Medicaid programs. SSA had difficulty furnishing accurate and timely Medicaid eligibility information on needy aged, blind, or disabled individuals. States needed this information to fulfill their responsibilities for promptly issuing Medicaid identification cards and correct Medicaid payments.

SSA RESPONSIBILITIES

Title XIX of the Social Security Act provides for Federal funds to be granted to States for establishing medical assistance programs (Medicaid) for low-income individuals and families. A State that decides to establish a Medicaid program must submit a plan to the Secretary of Health, Education, and Welfare for approval by the Social and Rehabilitation Service.

The act allows some State-by-State variations in both the criteria and the procedures to be used for determining Medicaid eligibility. Before the SSI program was established, the State agency responsible for determining an individual's eligibility for financial assistance also determined his or her eligibility for Medicaid benefits.

Effective January 1, 1974, section 1634 of the Social Security Act authorized the Secretary, HEW, to make Medicaid eligibility determinations for aged, blind, or disabled individuals under a State's approved Medicaid plan if the State agreed. This authority was granted to prevent (1) the payment and the medical assistance eligibility processes being separated, (2) the Government and the States duplicating administrative work, and (3) individuals being required to provide the same information to both Federal and State agencies.

How involved should SSA get in making Medicaid eligibility determinations for all aged, blind, or disabled individuals, using State eligibility criteria? The Acting Commissioner, SSA, and the Acting Administrator, Social and Rehabilitation Service, in a joint memorandum of April 2, 1973, recommended to the Secretary, HEW, that making Medicaid eligibility determinations for all low-income aged, blind, or disabled individuals would not be feasible because (1) State Medicaid programs are complex, (2) some States' eligibility criteria are different from SSI's, (3) additional

information would be needed, and (4) the budget, workload, staffing, and system requirements would jeopardize implementation of the SSI program.

These officials recommended that SSA determine Medicaid eligibility only (1) in those States whose Medicaid eligibility criteria were identical to the SSI eligibility criteria and (2) for individuals receiving SSI payments or SSA-administered State supplementary payments. The Under Secretary, HEW, approved this recommendation and it became effective January 1, 1974, when the SSI program began.

As of August 15, 1975, SSA was determining Medicaid eligibility in 26 States and the District of Columbia. Of the remaining 24 States, 9 determined their own Medicaid eligibility using SSI criteria, 14 determined their own Medicaid eligibility using criteria from their January 1972 eligibility standards, and 1 did not offer a Medicaid program (See app. III.)

EXPANDING SSA RESPONSIBILITIES

The SSA Commissioner decided that SSA would delay expanding its role in determining Medicaid eligibility because of a number of potential problems, including the ability of SSA to identify and reach the population to be serviced, systems and staffing constraints, and SSA's dependency on the Social and Rehabilitation Service for regulations and policy guidelines when Medicaid eligibility requirements differ from SSI. According to SSA officials, past experience showed that such dependence was a primary hindrance to SSA's operating a smoothly functioning system.

The HEW Under Secretary's decision to allow SSA to make Medicaid eligibility determinations resulted in the need for those States having Medicaid eligibility determination agreements with SSA to continue determining Medicaid eligibility for, among others, those individuals who:

- Qualified for an SSI payment but only wanted Medicaid coverage.
- Were eligible for retroactive Medicaid coverage.
- Were medically needy.

Many States asked SSA to consider expanding the population for whom it would agree to make Medicaid eligibility determinations. SSA, therefore, analyzed the potential Medicaid workload increase and the ability of its data processing system to handle it. Although accurate data was

not available for a complete analysis of the workload increase, SSA projected that the increase could be significant. For example, an internal SSA memorandum of September 11, 1974, stated that the number of individuals qualifying for Medicaid under State programs for the medically needy could equal or surpass the number of SSI recipients receiving Medicaid.

Consequently, the SSA Commissioner decided that SSA would not increase its Medicaid responsibilities because any attempt to do so before system capabilities were known could jeopardize existing SSA programs, create workload problems at district offices, and increase program costs. SSA officials said (1) the central records system and the SDX system would need to be changed and (2) a Medicaid subsystem would need to be developed to expand SSA's Medicaid responsibilities as requested by the States.

COMMUNICATION PROBLEMS

SSA's difficulties in communicating timely and accurate Medicaid decisions reportedly hindered States in carrying out their Medicaid responsibilities. These communication difficulties were associated with SSA's data processing system.

Under section 1634 of the Social Security Act, any State asking SSA to determine Medicaid eligibility must specifically agree with the Secretary, HEW, that SSA will make the eligibility determinations. These agreements stipulate that SSA must promptly notify the States of such determinations. Recognizing the need for an efficient data processing system to provide SSI information, including to States, SSA developed the State data exchange system. Data processing system procedures and limitations, however, caused inaccurate and untimely Medicaid eligibility information to be transmitted through the SDX system.

System procedures

An SSA official said Medicaid eligibility information transmitted by SSA to the States through the SDX system originated from the central records system. He said inaccurate or out-of-date information in the central records system was entered in the SDX system and transmitted to the States. For example:

- One Southwestern State reported to the Secretary, HEW, that, because it did not receive information on Medicaid eligibility, it could not issue prompt

Medicaid payments to nursing homes where SSI recipients lived. Consequently, about 3,580 of these SSI recipients did not receive Medicaid benefits and some nursing homes refused to accept needy SSI recipients.

--One Western State reported to SSA that it has been prevented from promptly issuing Medicaid identification cards to SSI recipients, forcing counties to issue temporary Medicaid cards. Administrative expenditures increased as a result. For example, (1) 1 county had been issuing 10,000 temporary Medicaid cards per month and (2) during the first 6 months of the SSI program, counties spent over \$800,000 to issue temporary Medicaid cards.

In June 1975, SSA officials said the above Southwestern State wrongly assumed that its payment system could be run, without change, off the SDX data provided by SSA. SSA, however, worked closely with that State to help improve its understanding of the SDX system and how the system's data could be used. The State changed its payment system, and the problem was resolved.

SSA said it advised the Western State several times that the State's schedule for preparing its monthly Medicaid cards conflicted with SSA's monthly SDX file. SSA said the State revised its payment system and eliminated many temporary Medicaid cards.

Several States recommended that SSA reimburse them for administrative expenditures associated with incorrect and late Medicaid information received through the SDX system. After reviewing this recommendation, SSA concluded that it was not authorized under the Social Security Act to make reimbursements for any Medicaid-related, administrative expenditures incurred by a State that contracted for SSA to determine Medicaid eligibility.

Improving the procedures for providing States with Medicaid eligibility information is a major SSA goal. Reorganizing only the SDX system, however, would not solve the States' problems because, according to SSA, SSI policies and procedures must also be revised. SSA officials said the agency already implemented some revisions, including new rules for taking applications and making Medicaid eligibility determinations on individuals entering and being discharged from Medicaid facilities.

System limitations

Not all SSI recipients were included in the SDX system. Consequently, when States used the SDX system they could not identify all SSI recipients eligible for Medicaid and had difficulty issuing Medicaid cards promptly.

The problem originated in the data processing system that supports SDX. The limited capability of the SSA data processing system and erroneous or incomplete data entered into the system caused exceptions or rejections from the system which resulted in the need to issue one-time payments. An SSA official said SSA employees had to determine these payments monthly on a case-by-case basis until the automated system could compute the payment due. An SSI recipient might receive three or more monthly payments before his or her correct payment record could be established in the data processing system and this information entered in SDX.

SSA officials said SSA either took or will take action to improve the system. According to SSA, a notification procedure was set up on a State-by-State basis. District offices were to notify the States concerning eligibility of individuals receiving one-time payments. These procedures were consolidated into a nationwide procedure and approved by SSA in September 1974.

SUMMARY

SSI, a federally administered program, interacts with Medicaid, a State-administered program. Generally, SSA eligibility determinations were used for both programs. The interaction created two basic difficulties:

- States had to continue determining Medicaid eligibility for certain low-income aged, blind, and disabled individuals, even though SSA determined Medicaid eligibility for many or most aged, blind, or disabled persons.
- SSA did not always communicate accurate and timely Medicaid eligibility information to the States; this adversely affected both the SSI recipient and the States.

By the conclusion of our survey, SSA had taken action to correct the communication difficulty. With respect to the other difficulty, SSA is reluctant to expand its responsibility to include Medicaid eligibility determinations now being made by the States.

CHAPTER 8

PROBLEMS AND LESSONS LEARNED

The Social Security Administration had difficulty making a smooth transition from the former State aid programs to the Supplemental Security Income program because some preparatory program tasks were not completed until after the SSI program started. Difficulties associated with the transition contributed to many of the errors and delays that caused much national concern about the SSI program. In early 1975, SSA reported that the program seemed to be emerging from its transitional stage. Nevertheless, reviewing transition problems seems important because lessons may be learned from them. Redesigning future programs (SSI legislation was discussed by congressional sources as a step toward general welfare reform) should then be easier.

On June 19, 1973, the Secretary of Health, Education, and Welfare assured members of the Senate Finance Committee that SSA's planning for administration of the SSI program had been extensive and thorough and that SSA was prepared to implement the program by January 1974. Program implementation was to be difficult in any event because over 3 million aid recipients from the former State and local welfare roles had to be converted to the Federal program and over 2.4 million new applications from potentially eligible persons had to be processed for the first time. Those difficulties increased because SSA's conversion and processing systems were not adequately developed when the program started. SSA reported that its conversion system had to cope with about 3 million case records from some 1,350 State, city, and county administrative units. Each unit had its own system of recordkeeping and payment and only half of these systems were computerized. Transferring this information was difficult because some State records contained incorrect and/or incomplete data on many cases.

SSA officials said their difficulties during preparation for SSI were compounded by several amendments to SSI legislation during 1973. The last two were signed into law the day before the program became effective.

First, they said, a provision enacted in July 1973 for mandatory State supplementation made it necessary to develop new policies and procedures, as well as to redesign SSI systems procedures, for administering supplementary payments. Agreements with the States on administering their supplementation programs and on resolving SSI issues related to these agreements were not reached, the officials told us, until immediately before or in the early months after the program

became effective. In addition, they said the July 1973 amendments necessitated developing a new policy and providing additional employee training to cover essential persons provided for in the amendment.

Second, they said, on December 31, 1973, the Congress enacted the disability roll back 1/ provisions, which required SSA to review, using Federal criteria, the disability status of those people who had begun receiving State aid in July 1973 or later under the former disability programs. This provision reportedly imposed extensive demands on SSA and State welfare agencies since no data in the original conversion records identified the cases affected by this provision.

SSA officials further told us that the December 1973 legislation necessitated further system changes to bring about a two-stage increase in the basic benefit amounts--one of about 7.7 percent effective January 1, 1974, and a second of about 4.3 percent effective July 1, 1974. Also during the transition months, benefits were reduced for some SSI recipients because of an increase in veterans' pensions in January 1974 and in social security cash benefits payable in April 1974 and July 1974. SSA officials said, due to the legislation, they had to make five different changes in the SSI benefits during the first 7 months of the program.

During the transition period, SSA was still developing additional processing systems to insure the prompt receipt of SSI checks, including:

- A system to pay SSI recipients who, for technical reasons, could not be paid through the regular SSI payment system.
- An advance payment procedure in district offices to pay up to \$100 for financial emergency assistance to SSI applicants presumed eligible. A provision for this was included in the original legislation (Public Law 92-603, Oct. 30, 1972).
- State interim assistance, furnished to SSI applicants from State or local general assistance funds while their applications are pending. The provision for reimbursing the States for interim assistance was passed on August 7, 1974, as part of Public Law 93-368.

1/A disabled individual entered on the States' rolls after June 30, 1973, must meet Federal SSI eligibility criteria to be converted to the Federal rolls.

- An automated nonreceipt procedure to insure that checks were issued to persons who had not received their regular monthly payment.

The prolonged transition apparently contributed to many problems in the program, including overpayments, underpayments, and delayed payments of benefits; employee hardships; and reduced efficiency. SSA and State interview sources suggested that similar difficulties could be avoided in future welfare reforms if alternatives are taken, such as:

- Obtaining additional time to begin a program when amendments are enacted during the program preparation period.
- Phasing in a program (by States or by class of recipient, for example) to allow more time to handle difficult situations, rather than starting a program all at once.
- Testing the systems in operation, such as the computer and communication systems, before starting the program.
- Starting work earlier in key areas, such as claims taking, employee training, and market outreach.
- Considering more fully interactions with other programs, like Medicaid, and other agencies before the program begins.

CHAPTER 9

AGENCY COMMENTS

In a letter dated March 19, 1976 (see app. I), the Department of Health, Education, and Welfare made specific comments on a draft of this report which we considered in preparing the final version.

HEW noted that in April 1975 the Secretary established the Supplemental Security Income Study Group, which was a five-member panel of specialists in public administration and computer technology. The purpose of the study group was to identify problems in organizing and managing the SSI program as well as to evaluate the roles of the State and Federal Governments. In January 1976 (while our report was with HEW for advance review and comment), the study group issued a report containing recommendations for administrative and legislative changes in the areas of benefit levels, eligibility, quality of performance, planning, staffing, training, district office operations, and data processing systems.

HEW expressed regret that our overview report did not also contain recommendations. We are currently making various reviews which will address many of the problems in the depth necessary to make recommendations for their resolution. As part of this work we plan to examine the merits of the study group's recommendations and the Social Security Administration's plans to implement them.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

Mar. 19, 1976

Mr. Gregory J. Ahart
Director, Manpower and
Welfare Division
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary asked that I respond to your request for our comments on your draft report entitled, "An Overview of Issues Involved in Administering Supplemental Security Income for the Aged, Blind, and Disabled."

Most of the problem areas discussed by your report have been identified by this Department for quite some time. In April 1975, then Secretary Caspar W. Weinberger established the Supplemental Security Income Study Group--comprised of a five-member panel of specialists in public administration and computer technology--and charged it with evaluating the SSI program. The Study Group's final report, released in January 1976, contained detailed recommendations aimed at correcting the problems noted by your report. Although I recognize that your report is intended to provide the Congress with an overview of the SSI program, I regret that it did not offer recommendations--so that we might have been able to take more advantage of your work in this area. Also, I suggest that your report to the Congress should reflect the action taken by the Department in commissioning this study.

Other specific comments on your draft report are enclosed for your consideration in preparing the final version of this report. Thank you for the opportunity to comment on this report in draft form. Our comments are, of course, based on your draft report, and as such are subject to reevaluation when the final version is received.

Sincerely yours,

John D. Young
Assistant Secretary, Comptroller

Enclosure

COMMENTS OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
ON THE GENERAL ACCOUNTING OFFICE DRAFT REPORT ENTITLED "AN
OVERVIEW OF ISSUES INVOLVED IN ADMINISTERING SUPPLEMENTAL
SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED"

The SSI program is entering its third year of operations, and significant progress has been made in terms of assistance to recipients and improved administration.

- Currently, the program is paying benefits to about 4.3 million aged, blind, and disabled persons, compared to approximately 3 million persons who were converted from the State rolls when the program began in January 1974. We estimate that by the end of calendar year 1976 the rolls will have reached a level of about 4.9 million beneficiaries.
- While we predict that the claims load will grow slowly during the next year, it is clear that the rate of growth is declining that the program may well stabilize at around the 5 million mark.
- Benefits paid in January 1976 in the form of combined SSI and federally administered State supplementary payments will amount to almost \$500 million. Total benefits to be paid this fiscal year will exceed \$5.8 billion. For the full 2 years during which the program has been in operation, an aggregate of almost \$11 billion has been paid out.
- Applications processed per week in December 1975 exceeded applications received, with 26,000 being processed per week as contrasted with 24,700 received.
- Pending applications in December 1975 numbered 168,000; a reduction of 28,000 from the September 1975 level and 134,000 from a year ago.

Significant progress is also being made in terms of staffing and employee training and development. The 1976-1977 budget requests convert the existing 6,000 term positions to full-time, permanent positions. This will help stabilize the work force. The budget also provides additional funds and man-years to increase the time and manpower available for training. The combination of a more stable work force as a result of the elimination of the term concept and additional training time represent important and timely steps toward improved SSI performance.

GAO Note: The remainder of the comments were basically editorial or provided additional information. They have been deleted since suggestions for revision, as appropriate, have been incorporated into the final report.

OFFICES VISITEDFederal Offices

Social Security Administration:

HeadquartersBaltimore, MarylandOffice of Administration (renamed Office of Management
and Administration)Bureau of District Office Operations (renamed Bureau of
Field Operations)

Bureau of Data Processing

Bureau of Supplemental Security Income

Regional offices

Atlanta regional office, Atlanta, Georgia

Boston regional office, Boston, Massachusetts

New York regional office, New York, New York

Philadelphia regional office, Philadelphia, Pennsylvania

San Francisco regional office, San Francisco, California

Seattle regional office, Seattle, Washington

District offices

Chambersburg district office, Chambersburg, Pennsylvania

East Point district office, East Point, Georgia

Portland East district office, Portland, Oregon

Fall River district office, Fall River, Massachusetts

San Francisco Parkside district office, San Francisco,
CaliforniaBranch office

Astoria branch office, Astoria, Oregon

Library of Congress:

Congressional Research Service, Washington, D.C.

State Offices

Public Assistance Agencies:

California Department of Social Welfare, Sacramento,
California

Georgia Department of Human Resources, Atlanta, Georgia

Massachusetts Department of Public Welfare, Boston,
Massachusetts

New York Department of Social Services, Albany, New York

Oregon Department of Human Resources, Salem, Oregon

Oregon Department of Human Resources, Multnomah County
regional office, Portland, Oregon

Pennsylvania Department of Public Welfare, Harrisburg,
Pennsylvania

Disability Determination Services:

New York State Bureau of Disability Determinations,
New York, New York

Pennsylvania State Bureau of Vocational Rehabilitation,
Harrisburg, Pennsylvania

Other Offices

National:

American Public Welfare Association, Washington, D.C.

Local:

New York City Department of Social Services, New York

STATUS OF STATE PLANS FOR MANDATORY AND OPTIONALSUPPLEMENTATION OF SSI AND MEDICAIDDETERMINATIONS AS OF AUGUST 15, 1975

	<u>Mandatory supplement</u>	<u>Optional supplement</u>	<u>Medicaid eligi- bility deter- minations</u>
Alabama	S	S	F
Alaska	S	S	S
Arizona	S	S	O
Arkansas	F	O	F
California (note a)	F	F	F
Colorado	S	S	S
Connecticut	S	S	S
Delaware	F	F	F
District of Columbia	F	F	F
Florida	F	S	F
Georgia	F	O	F
Hawaii (note a)	F	F	S
Idaho	S	S	S
Illinois	S	S	S
Indiana	F	O	S
Iowa	F	F	F
Kansas	F	O	S
Kentucky	S	S	F
Louisiana	F	O	F
Maine	F	F	F
Maryland	F	S	F
Massachusetts (note a)	F	F	F
Michigan	F	F	S
Minnesota	F	S	S
Mississippi	F	O	S
Missouri	S	S	S
Montana	F	F	F
Nebraska	S	S	S
Nevada (note a)	F	F	S
New Hampshire	S	S	S
New Jersey	F	F	F
New Mexico	S	O	F
New York (note a)	F	F	F
North Carolina	S	S	S
North Dakota	S	S	S
Ohio	F	O	S
Oklahoma	S	S	S
Oregon	S	S	S
Pennsylvania	F	F	F

APPENDIX III

APPENDIX III

	<u>Mandatory supplement</u>	<u>Optional supplement</u>	<u>Medicaid eligi- bility deter- minations</u>
Rhode Island	F	F	F
South Carolina	S	S	F
South Dakota	F	S	F
Tennessee	F	O	F
Texas	O	O	F
Utah	S	O	S
Vermont	F	F	F
Virginia	S	S	S
Washington	F	F	S
West Virginia	S	O	F
Wisconsin (note a)	F	F	F
Wyoming	F	O	F
Totals	F--30 S--20 O--1	F--17 S--21 O--13	F--27 S--23 O--1

Note: F--Federal administration
S--State administration
O--None

a/At hold-harmless level.

FEDERAL PAYMENT VARIATIONS
ACCORDING TO LIVING ARRANGEMENT
AS OF JULY 1975

<u>Living arrangement</u>	<u>Individual</u>	<u>Couple</u>
Individual, or individual with ineligible spouse, living in own household	\$157.70	\$ -
Individual, or individual with ineligible spouse, living in household of another	105.14	-
Individual, or individual with ineligible spouse, living in medical facility and more than 1/2 cost paid by Medicaid	25.00	-
Eligible couple living together (or during the first 6 months of separation in own household(s))	-	236.60
Eligible couple, one in own household and one in household of another (during first 6 months of separation)	-	236.60
		(Add to income of the one in another household \$36.50 monthly)
Eligible couple, both in household of another	-	157.74
Eligible couple, both in medical facility and receiving more than 1/2 cost of care from Medicaid (if not separated more than 6 months)	-	50.00
Eligible couple, one in own household and one in medical facility receiving more than 1/2 the cost of care from Medicaid (during first 6 months of separation)	-	182.70
Eligible couple, one in medical facility receiving more than 1/2 cost of care from Medicaid and other in household of another (during first 6 months of separation)	-	130.14

STATE PAYMENT VARIATIONS ACCORDING TO
LIVING ARRANGEMENT FOR OPTIONAL STATE SUPPLEMENTS

AS OF JANUARY 4, 1975

	<u>Living arrangement</u>	<u>Newly eligible recipients</u>		
		<u>Individual</u>	<u>Couple</u>	
California	Living independently--aged only	\$ 89	\$ 221	
	Living independently--blind and disabled only	119	311	
	Out-of-home care	137	347	
	In household of another--aged only	94	229	
	In household of another--blind and disabled only	124	319	
	Living independently without cooking facilities--aged only	114	271	
	Living independently without cooking facilities--blind and disabled only	119	311	
	Delaware	Adult foster care	63	199
	District of Columbia	Living in foster care home	24	121
Hawaii		Living independently	27	41
	In household of another	2	3	
	In public housing	6	9	
	With ineligible spouse in household of another	43	-	
	With ineligible spouse in own household	87	-	
	In domiciliary care I	102	277	
	In domiciliary care II	152	377	
	In domiciliary care III	214	501	
	Iowa	Living independently--blind and disabled only	18	36
Living with dependent person--aged only		73	-	
Living with dependent person--blind and disabled only		91	-	
In household of another--blind and disabled only		18	36	
In licensed adult foster or boarding home		44	181	
Custodial care (licensed private facility)		104	301	
In family home (approved by State)		34	161	
Maine		Living independently	10	15
	Living with others	8	12	
	In household of another	8	12	
	Foster or licensed boarding home (less than 5 beds)	64	201	
	Licensed boarding home (5 or more beds)	79	231	
Massachusetts	Living independently--aged only	123	191	
	Living independently--blind and disabled only	146	365	
	Shared living expenses--aged only	59	191	
	Shared living expenses--blind and disabled only	146	365	
	In household of another--aged only	95	185	
	In household of another--blind and disabled only	195	438	
	Boarding--aged only	71	191	
	Boarding--blind and disabled only	146	365	
	Domiciliary care--aged only	196	465	
	Domiciliary care--blind and disabled only	146	365	

APPENDIX V

APPENDIX V

	<u>Living arrangement</u>	<u>Newly eligible recipients</u>	
		<u>Individual</u>	<u>Couple</u>
Michigan	Living independently	\$ 24	\$ 36
	In household of another	16	24
	Domiciliary care	92	257
	Personal care	158	389
	In home for aged	174	422
Montana	Adult foster care home or home for disabled	49	171
	Licensed rest home with boarding care	4	81
Nevada	Living independently--aged only	39	79
	Living independently--blind and disabled only	69	211
	In household of another--aged only	26	53
	In household of another--blind and disabled only	118	284
	Domiciliary care--aged only	110	293
	Domiciliary care--blind and disabled only	109	291
New Jersey	Living independently	36	31
	Licensed boarding home	94	261
	With ineligible spouse	104	-
	With others (1 or 2) in household of another	28	78
	With others (3 or more) in household of another	3	38
New York	Living independently	61	76
	Living with others	8	27
	In household of another	14	35
	Congregate care--level I--area A (note a)	134	341
	Congregate care--level I--area B (note a) and area C (note a)	79	231
	Congregate care--level II	229	531
	Congregate care--level III--area A (note a)	493	1,059
	Congregate care--level III--area B (note a)	469	1,011
Congregate care--level III--area C (note a)	154	381	
Pennsylvania	Living independently	20	30
	In household of another	20	30
Rhode Island	Living independently	37	68
	In household of another	43	76

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	<u>Living arrangement</u>	<u>Newly eligible recipients</u>		
		<u>Individual</u>	<u>Couple</u>	
Vermont	Living independently--area 1 (note b)	\$ 29	\$ 41	
	Living independently--area 2 (note b)	29	61	
	Living independently with essential person--area 1 (note b)	114	126	
	Living independently with essential person--area 2 (note b)	134	146	
	In household of another	23	29	
	In household of another with essential person	78	114	
	In licensed custodial care facility	84	241	
	In unlicensed custodial care facility	59	101	
	Washington	Living independently--area 1 (note b)	30	33
Living independently--area 2 (note b)		16	6	
In household of another--areas 1 (note b) and 2 (note b)		12	14	
With ineligible spouse or essential person--area 1 (note b)		106	-	
With ineligible spouse or essential person--area 2 (note b)		79	-	
Board and room--areas 1 (note b) and 2 (note b)		3	71	
Adult family home--areas 1 (note b) and 2 (note b)		56	186	
Wisconsin		Living independently	82	123
		In household of another	82	123
	With ineligible spouse	196	-	
	With ineligible spouse in household of another	172	-	
	In private nonmedical group home--disabled only	204	481	

a/Areas A, B, and C refer to different geographic locations.

b/Areas 1 and 2 refer to different geographic locations.

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SSI FEDERAL AND STATE RECIPIENTSAS OF JUNE 1975

<u>State</u>	<u>Total Federal recipients</u>	<u>State recipients</u>		<u>Total</u>
		<u>State supple- mentation only (note a)</u>	<u>Combined Federal/ State</u>	
Alabama	147,383	-	-	-
Alaska	3,066	-	-	-
Arizona	27,657	-	-	-
Arkansas	88,565	593	7,712	8,305
California	433,733	217,226	409,653	626,879
Colorado	36,198	-	-	-
Connecticut	22,406	-	-	-
Delaware	6,358	358	1,888	2,246
District of Columbia	15,650	210	2,308	2,518
Florida	151,734	684	5,708	6,392
Georgia	161,949	2,271	6,670	8,941
Hawaii	8,239	854	7,794	8,648
Idaho	9,142	-	-	-
Illinois	135,960	-	-	-
Indiana	43,174	805	1,578	2,383
Iowa	28,150	345	2,664	3,009
Kansas	23,691	134	939	1,073
Kentucky	101,052	-	-	-
Louisiana	147,243	2,302	13,010	15,312
Maine	19,081	4,286	17,666	21,952
Maryland	46,725	542	2,528	3,070
Massachusetts	76,142	50,738	72,956	123,694
Michigan	102,449	9,690	94,848	104,538
Minnesota	39,276	699	4,586	5,285
Mississippi	125,861	939	4,877	5,816
Missouri	104,482	-	-	-
Montana	8,305	97	439	536
Nebraska	16,543	-	-	-
Nevada	4,623	828	2,725	3,553
New Hampshire	5,371	-	-	-
New Jersey	69,237	7,535	43,942	51,477
New Mexico	26,093	-	-	-
New York	331,147	54,753	235,569	290,322
North Carolina	148,194	-	-	-
North Dakota	8,231	-	-	-
Ohio	127,246	1,369	3,383	4,752
Oklahoma	85,565	-	-	-
Oregon	26,330	-	-	-
Pennsylvania	142,514	1,916	129,738	131,654
Rhode Island	12,703	2,574	11,191	13,765
South Carolina	79,150	-	-	-
South Dakota	8,877	77	567	644
Tennessee	138,578	583	1,664	2,247
Texas	275,448	-	-	-
Utah	9,404	-	-	-
Vermont	7,530	1,424	7,037	8,461
Virginia	73,584	-	-	-
Washington	48,487	2,717	38,614	41,331
West Virginia	43,001	-	-	-
Wisconsin	43,550	19,578	34,672	54,250
Wyoming	2,541	26	58	84
Total	3,847,618	386,153	1,166,984	1,553,137

a/Includes recipients in States with SSA-administered State supplements only.

NUMBER OF PERSONS RECEIVING STATE-ADMINISTEREDSUPPLEMENTATION AND TOTAL AMOUNT BY STATEFOR JUNE 1975

	<u>Total</u>	<u>Aged</u>	<u>Blind</u>	<u>Disabled</u>
	<u>Number of Persons</u>			
Alabama	28,565	25,142	357	3,066
Alaska	3,488	1,855	82	1,551
Arizona	1,895	1,634	24	237
Colorado	32,347	22,679	179	9,489
Connecticut	9,927	3,778	115	6,034
Florida	2,127	1,088	31	1,008
Idaho	2,892	1,273	23	1,596
Illinois	45,051	9,328	574	35,149
Kentucky	9,886	6,883	124	2,879
Minnesota	4,147	1,891	88	2,168
Missouri	56,980	47,418	1,596	7,966
Nebraska	6,408	2,562	146	3,700
New Hampshire	3,310	1,794	140	1,376
New Mexico	30	4	1	25
North Carolina	10,173	5,724	396	4,053
North Dakota	559	309	5	245
Oklahoma	72,616	51,544	671	20,401
Oregon	20,282	8,709	706	10,867
South Carolina	822	506	32	284
Virginia	3,041	1,514	116	1,411
West Virginia	37	25	1	11
Total	<u>314,583</u>	<u>195,660</u>	<u>5,407</u>	<u>113,516</u>

	<u>Total</u>	<u>Aged</u>	<u>Blind</u>	<u>Disabled</u>
	Total amount			
	(000 omitted)			
Alabama	\$ 1,128	\$ 933	\$ 15	\$ 180
Alaska	176	82	5	89
Arizona	137	132	-	5
Colorado	1,336	853	11	472
Connecticut	746	275	8	464
Florida	102	45	1	56
Idaho	104	39	1	64
Illinois	3,356	734	38	2,584
Kentucky	766	531	6	229
Minnesota	202	88	3	111
Missouri	2,064	1,620	111	332
Nebraska	257	84	7	167
New Hampshire	150	59	7	85
New Mexico	-	-	-	-
North Carolina	1,161	646	40	475
North Dakota	14	7	-	6
Oklahoma	1,885	1,315	18	552
Oregon	566	208	34	325
South Carolina	66	40	2	24
Virginia	116	64	4	48
West Virginia	1	1	-	-
Total	<u>\$14,333</u>	<u>\$7,754</u>	<u>\$310</u>	<u>\$6,268</u>

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FUNDS SPENT FOR FEDERAL SSI AND STATESUPPLEMENTATION FOR FISCAL YEAR 1975

	<u>Federal funds</u>	<u>Federally administered State funds</u>	<u>State- administered State funds</u>	<u>Total funds expended</u>
Alabama	\$ 147,547,000	\$ -	\$ 12,710,000	\$ 160,257,000
Alaska	4,059,000	-	2,301,000	6,360,000
Arizona	32,279,000	-	1,677,000	33,956,000
Arkansas	83,392,902	3,143,915	-	86,536,817
California	552,935,873	610,078,901	-	1,163,014,774
Colorado	38,729,000	-	13,689,000	52,418,000
Connecticut	25,237,000	-	8,272,000	33,509,000
Delaware	6,205,527	1,289,971	-	7,495,498
District of Columbia	20,468,357	1,432,390	-	21,900,747
Florida	169,127,762	3,239,263	518,000	172,885,025
Georgia	163,162,685	4,735,588	-	167,898,273
Hawaii	10,335,247	3,530,115	-	13,865,362
Idaho	8,709,000	-	1,074,000	9,783,000
Illinois	158,038,239	5,900,693	18,948,203	182,887,135
Indiana	38,443,232	1,703,651	-	40,146,883
Iowa	24,566,332	2,525,642	-	27,091,974
Kansas	21,569,279	961,876	-	22,531,155
Kentucky	111,357,000	-	8,213,000	119,570,000
Louisiana	156,054,203	7,554,014	-	163,608,217
Maine	18,833,934	7,035,419	-	25,869,353
Maryland	59,434,980	2,574,285	-	62,009,265
Massachusetts	118,448,832	116,204,708	-	234,653,540
Michigan	110,689,661	50,229,325	-	160,918,986
Minnesota	35,092,370	3,786,216	884,000	39,762,586
Mississippi	131,323,620	2,194,475	-	133,518,095
Missouri	109,255,000	-	28,485,000	137,740,000
Montana	8,144,839	405,189	-	8,550,028
Nebraska	16,276,000	-	2,852,000	19,128,000
Nevada	4,923,586	1,352,307	-	6,275,893
New Hampshire	4,828,000	-	1,663,000	6,491,000
New Jersey	74,824,869	25,352,234	-	100,177,103
New Mexico	29,251,000	-	-	29,251,000
New York	479,901,946	196,562,591	-	676,464,537
North Carolina	146,479,000	-	12,992,000	159,471,000
North Dakota	7,936,000	-	191,000	8,127,000
Ohio	144,422,790	4,459,953	-	148,882,743
Oklahoma	90,940,000	-	18,865,000	109,805,000
Oregon	27,472,000	-	6,001,000	33,473,000
Pennsylvania	153,633,282	37,196,946	-	109,830,228
Rhode Island	12,192,239	6,888,221	-	19,080,460
South Carolina	77,107,919	487,174	628,000	78,223,093
South Dakota	7,828,213	450,419	-	8,278,632
Tennessee	138,480,169	1,451,713	-	139,931,882
Texas	259,282,000	-	-	259,282,000
Utah	10,211,019	229,003	-	10,440,022
Vermont	7,973,005	4,469,882	-	12,442,887
Virginia	68,560,000	-	1,242,000	69,802,000
Washington	58,777,900	15,005,631	-	73,783,531
West Virginia	48,551,000	-	11,000	48,562,000
Wisconsin	61,934,768	19,778,006	-	81,712,774
Wyoming	2,416,714	72,217	-	2,488,931
Total	\$4,297,643,293	\$1,142,281,933	\$141,216,203	\$5,581,141,429

PRINCIPAL HEW OFFICIALS
RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY, HEW:		
David Mathews	Aug. 1975	Present
Caspar W. Weinberger	Feb. 1973	Aug. 1975
Frank C. Carlucci (acting)	Jan. 1973	Feb. 1973
Elliot L. Richardson	June 1970	Jan. 1973
COMMISSIONER OF SOCIAL SECURITY:		
James B. Cardwell	Sept. 1973	Present
Arthur E. Hess (acting)	Mar. 1973	Sept. 1973
Robert M. Ball	Apr. 1962	Mar. 1973

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