

SOCIAL SECURITY SERVICE DELIVERY CHALLENGES

HEARING BEFORE THE SUBCOMMITTEE ON SOCIAL SECURITY OF THE COMMITTEE ON WAYS AND MEANS U.S. HOUSE OF REPRESENTATIVES ONE HUNDRED NINTH CONGRESS

SECOND SESSION

—————
MAY 11, 2006
—————

Serial No. 109-64

—————

Printed for the use of the Committee on Ways and Means



U.S. GOVERNMENT PRINTING OFFICE

30-446

WASHINGTON : 2006

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON WAYS AND MEANS

BILL THOMAS, California, *Chairman*

E. CLAY SHAW, JR., Florida	CHARLES B. RANGEL, New York
NANCY L. JOHNSON, Connecticut	FORTNEY PETE STARK, California
WALLY HERGER, California	SANDER M. LEVIN, Michigan
JIM MCCRERY, Louisiana	BENJAMIN L. CARDIN, Maryland
DAVE CAMP, Michigan	JIM MCDERMOTT, Washington
JIM RAMSTAD, Minnesota	JOHN LEWIS, Georgia
JIM NUSSLE, Iowa	RICHARD E. NEAL, Massachusetts
SAM JOHNSON, Texas	MICHAEL R. MCNULTY, New York
PHIL ENGLISH, Pennsylvania	WILLIAM J. JEFFERSON, Louisiana
J.D. HAYWORTH, Arizona	JOHN S. TANNER, Tennessee
JERRY WELLER, Illinois	XAVIER BECERRA, California
KENNY C. HULSHOF, Missouri	LLOYD DOGGETT, Texas
RON LEWIS, Kentucky	EARL POMEROY, North Dakota
MARK FOLEY, Florida	STEPHANIE TUBBS JONES, Ohio
KEVIN BRADY, Texas	MIKE THOMPSON, California
THOMAS M. REYNOLDS, New York	JOHN B. LARSON, Connecticut
PAUL RYAN, Wisconsin	RAHM EMANUEL, Illinois
ERIC CANTOR, Virginia	
JOHN LINDER, Georgia	
BOB BEAUPREZ, Colorado	
MELISSA A. HART, Pennsylvania	
CHRIS CHOCOLA, Indiana	
DEVIN NUNES, California	

ALLISON H. GILES, *Chief of Staff*
JANICE MAYS, *Minority Chief Counsel*

SUBCOMMITTEE ON SOCIAL SECURITY

JIM MCCRERY, Louisiana, *Chairman*

E. CLAY SHAW JR., Florida	SANDER M. LEVIN, Michigan
SAM JOHNSON, Texas	EARL POMEROY, North Dakota
J.D. HAYWORTH, Arizona	XAVIER BECERRA, California
KENNY C. HULSHOF, Missouri	STEPHANIE TUBBS JONES, Ohio
RON LEWIS, Kentucky	RICHARD E. NEAL, Massachusetts
KEVIN BRADY, Texas	
PAUL RYAN, Wisconsin	

Pursuant to clause 2(e)(4) of Rule XI of the Rules of the House, public hearing records of the Committee on Ways and Means are also published in electronic form. **The printed hearing record remains the official version.** Because electronic submissions are used to prepare both printed and electronic versions of the hearing record, the process of converting between various electronic formats may introduce unintentional errors or omissions. Such occurrences are inherent in the current publication process and should diminish as the process is further refined.

CONTENTS

	Page
Advisory of May 4, 2006 announcing the hearing	2
WITNESS	
The Honorable Jo Anne B. Barnhart, Commissioner, Social Security Administration	5
SUBMISSIONS FOR THE RECORD	
American Federation of Government Employees, Social Security General Committee, and National Council of Social Security Administration Field Operations Locals, Witold Skwirczynski, statement	28
Consortium for Citizens with Disabilities Social Security Task Force, statement	37
Michael Steinberg and Associates, Michael A. Steinberg, Tampa, FL, statement	42
National Association of Disability Examiners, Shari Bratt, Lincoln, NE, statement	43
National Council of Social Security Management Associations Inc., Richard E. Warsinskey, statement	48
National Council on Disability, statement	52
Social Security Advisory Board, Hal Daub, statement	58
Social Security Disability Coalition, Rochester, NY, statement	61

SOCIAL SECURITY SERVICE DELIVERY CHALLENGES

THURSDAY, MAY 11, 2006

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:01 a.m., in room B-318, Rayburn House Office Building, Hon. Jim McCrery (Chairman of the Subcommittee) presiding.
[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
May 04, 2006
No. SS-15

CONTACT: (202) 225-9263

McCrery Announces Hearing on Social Security Service Delivery Challenges

Congressman Jim McCrery, (R-LA), Chairman, Subcommittee on Social Security of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on service delivery challenges facing the Social Security Administration (SSA). **The hearing will take place on Thursday, May 11, 2006, in room B-318 Rayburn House Office Building, beginning at 10:00 a.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Subcommittee and for inclusion in the printed record of the hearing.

BACKGROUND:

The SSA's work affects the lives of most Americans. Based on the President's budget request, in fiscal year (FY) 2007, the SSA will provide more than 54 million people with monthly cash benefits totaling approximately \$614 billion. In addition to paying benefits, the agency's employees will process more than 6.7 million claims for benefits, make decisions on more than 575,000 hearings and process nearly 245,000 Medicare Part D low income subsidy applications. They will also process 265 million earnings reports for crediting to workers' earnings records, issue 18 million new and replacement Social Security cards, and handle 59 million transactions through their 800-number. The SSA will also serve 42 million visitors to field offices, issue 142 million Social Security Statements, and conduct 1.6 million continuing disability reviews and more than one million non-disability Supplemental Security Income (SSI) redeterminations.

In addition to processing their core workloads, the SSA has an impressive record of recent accomplishments towards improving service to the public. For example, the agency improved its productivity by nearly 13 percent since 2001 and completed the initial rollout of its electronic disability folder system. The agency also sent 19 million applications to individuals potentially eligible for extra help with prescription drug costs, implemented a free service for employers to verify Social Security numbers (SSNs) of employees, and issued more than 73,000 immediate payments to displaced evacuees in the aftermath of the Gulf Coast hurricanes.

Despite these accomplishments, the agency faces a number of service delivery challenges, including the following: increased workloads resulting from the leading edge of the baby boom that will reach early retirement age in 2008, workloads associated with taking income subsidy applications under the Medicare Modernization Act (P.L. 108-173), and processing additional documentation for those applying for SSNs and cards as required under the Intelligence Reform and Terrorism Prevention Act (P.L. 108-458).

Also, due to current budget constraints, the agency has not made progress in reducing its pending initial disability determination and hearing workloads, and has limited the processing of workloads aimed at ensuring program integrity and facilitating return to work. Finally, according to an SSA study, 22 percent of agency employees became eligible for retirement in 2005, and 56 percent of employees will be eligible to retire in 2014.

For FY 2007, the President's budget requests \$9.6 billion for the administrative expenses of the SSA, which equals less than 2 percent of total estimated outlays. The request would be an increase of 4.2 percent from last year. According to the SSA, the President's budget provides adequate resources for the agency to make progress in addressing objectives under Commissioner Barnhart's four strategic goals—Service, Stewardship, Solvency, and Staff. These objectives include reducing overall disability processing time through process and automation improvements, strengthening opportunities for the public to conduct business with the SSA electronically, reducing erroneous payments and collecting related debt, while continuing productivity improvements.

In announcing the hearing, Chairman McCrery stated, "Despite growing workloads and a number of service delivery challenges, including assisting the victims of the Gulf Coast hurricanes, the employees of the Social Security Administration press on, doing everything they can to effectively serve our Nation's seniors, individuals with disabilities, and their families. The costs of providing these services are paid for by the hard-earned wages of American workers, and these workers expect and deserve responsive service. This hearing will highlight the degree to which that service is achieved, and at what cost."

FOCUS OF THE HEARING:

The Subcommittee will examine the current service delivery challenges facing the SSA and how the President's budget request will help address those challenges.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select "109th Congress" from the menu entitled, "Hearing Archives" (<http://waysandmeans.house.gov/Hearings.asp?congress=17>). Select the hearing for which you would like to submit, and click on the link entitled, "Click here to provide a submission for the record." Once you have followed the on-line instructions, completing all informational forms and clicking "submit" on the final page, an email will be sent to the address which you supply confirming your interest in providing a submission for the record. You **MUST REPLY** to the email and **ATTACH** your submission as a Word or WordPerfect document, in compliance with the formatting requirements listed below, by close of business Thursday, May 25, 2006. **Finally**, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word or WordPerfect format and **MUST NOT** exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. All submissions must include a list of all clients, persons, and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone and fax numbers of each witness.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://waysandmeans.house.gov>.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Chairman MCCRERY. Good morning, everyone. Today, we welcome once again to our Subcommittee the Commissioner of Social Security Jo Anne Barnhart, to review the service delivery challenges facing the Social Security Administration (SSA). Some of these challenges, as we know, are predictable, such as the increased workloads resulting from the aging of our generation, the baby boomers, which I am not in, who will begin retiring in 2008. In fact, the expected retirements by the agency's own baby boomer employees, which will pose another problem.

Some new challenges, such as Medicare Part D increases the workload the Agency is responsible for administering. Some challenges are not expected, such as last year's Gulf Coast hurricanes, where caring and compassionate Agency employees provided needed help, including issuing nearly 74,000 immediate benefit payments to those who could not return to their homes.

No matter what the challenge, as we will hear today, the hard-working employees of the SSA have done their best to respond.

Fortunately, the President's commitment to the Agency is clear, as reflected in his budget request. For Fiscal Year (FY) 2007, the President requested \$9.6 billion for the Agency to deliver its essential services. This reflects an increase of 3.1 percent from last year, among the highest increase for all Federal agencies, excluding the Departments of Defense and Homeland Security.

One reason for this increase is the agency's impressive strides in productivity. Earlier this year the President's Office of Management and Budget (OMB) cited the SSA as a well-managed Agency that uses technological and program design changes to improve productivity annually.

In the past few years the Commissioner has fulfilled a promise not to accept the status quo. Among her leadership achievements, the transition from a paper to an electronic disability folder has been accelerated, and an improved disability determination process is now moving to implementation. For employers, the Agency now provides an important free service to verify the name and Social Security numbers (SSNs) of employees and new hires.

Social Security affects the lives of nearly all Americans. Wage earners and their families, beneficiaries, and employers all have a stake in the success of the SSA, and their hard-earned wages directly support the costs of running this essential Agency.

Today, we will learn how the SSA will meet the challenge to give all Americans the service we expect and deserve. Mr. Levin.

Mr. LEVIN. Thank you very much, Commissioner Barnhart. Over the past year the American people have reminded us how

deeply they value Social Security's guaranteed benefits for retirees, disabled workers and families. I am pleased to be here to discuss the challenges Social Security faces in delivering all these kinds of benefits quickly and accurately.

To briefly state the obvious, there is a direct connection between resources and the SSA's ability to do its work. Unfortunately, Congress and the President both have consistently short-changed SSA's administrative budget in recent years. This year, for example, the President's budget request is not enough. Inadequate funding means not enough workers to do the work, and that means longer waiting times for disabled workers to get benefits.

In recent years, as we know, Social Security has also had to take on substantial new work. For example, the start of enrollment for the new Medicare drug insurance program confused and sometimes overwhelmed seniors, who deluged SSA with phone calls, forcing the Agency to use much of their overtime budget to answer the phones.

May 15, 2006 is the deadline for regular enrollment in the drug program and also the lock-in date for those who have not enrolled. As seniors who are locked into plans begin to enter coverage that was not perhaps fully explained, it is likely that SSA may again meet the increased costs.

I look forward to hearing from you, Commissioner, about the impact of past and future budget decisions and the administration's ability to deal with the challenges we face. Because Social Security's effectiveness is so critical, I hope also that we can continue to explore these issues, and in the future we may also be able to discuss them with Social Security employees and customers who deal with these challenges on a daily basis. Thank you.

Chairman MCCRERY. Thank you, Mr. Levin. Ms. Barnhart, you can proceed with your oral testimony. Your written testimony will be included in the record in its entirety.

**STATEMENT OF JO ANNE B. BARNHART, COMMISSIONER OF
SOCIAL SECURITY**

Ms. BARNHART. In the interest of time, I am going to hit the highlights, Mr. Chairman. I really want to thank you and the Subcommittee for inviting me here to discuss the service delivery challenges facing the SSA. I always look forward to appearing before this Subcommittee.

Much has changed in the world and at SSA since my term began more than 4 years ago, but the core mission of the Agency remains the same, and that is giving the American people the high-quality service that they expect and deserve.

In recent years, although at SSA we have enjoyed strong support from this Subcommittee, as was pointed out in Mr. Levin's opening comments, the Congress has appropriated less for SSA than called for in the President's budget requests. As Commissioner of Social Security, I believe my primary responsibility is to ensure that benefits are paid as timely as possible, and this means that workloads such as processing retirement and disability claims have priority over other workloads, including stewardship activities such as continuing disability reviews and Continuing Disability Reviews (CDR)

and Supplemental Security Income (SSI) nonmedical redeterminations.

At SSA our responsibilities are great, and I believe our mission is critical. In FY 2007 our employees will process over 6.7 million claims for benefits, almost 245,000 Medicare Part D low-income subsidy applications; will make decisions on over 575,000 hearings; issue 18 million new and replacement Social Security cards; process 265 million earnings items for workers' earnings records; handle approximately 59 million transactions through our 800 number; serve 42 million visitors to our field offices; process millions of actions to keep beneficiary records current and accurate; and conduct 1.6 million CDRs and over 1 million nondisability SSI redeterminations. Mr. Chairman, we will do all this for less than 2 percent of the total Social Security annual budget.

As I have said often, and as you noted in your opening statement, I did not accept this position to manage the status quo. Nowhere was the need for change more apparent than in the disability program, and therefore, from the outset of my tenure, I made disability claimants a priority, especially the successful development and implementation of the electronic disability process, (eDib).

I am really proud that the medical information that we have captured electronically since we began eDib in 2004 in the State of Mississippi already is the world's largest repository of electronic medical records, with over 34 million records, and that is growing as we sit here this morning.

The implementation of electronic disability is important for improving service and efficiency, but also was important because it was a necessary prerequisite to the successful implementation of process changes that I believe will significantly improve the disability determination process. To that end, as this Committee well knows, we developed the regulations after a long and comprehensive outreach process to all groups involved in every step of the disability determination process. In response to the Notice of Proposed Rule Making (NPRM), we received close to 900 comments, it was actually 883, and those comments offered insight on the process from every perspective and vantage point throughout the system.

In drafting the final rule, we were aware that, although there was broad agreement on the fact that we needed change in the disability program, numerous groups including this Committee perceived our proposed rules as favoring administrative efficiency over fairness, and that view was, as I say, underscore here in the hearing that I appeared at last fall. I want to assure you that was not our intent, and I believe the final rule contains a significant number of changes which we think underscores our commitment to serve the public who depend on us.

At SSA we are committed to technology and innovation, but we also believe that our devoted employees are the heart of our success. Our most critical asset in continuing to maintain a high level of services is the excellence of our work force, and we currently have almost 65,000 full-time and part-time permanent employees. We expect just over 40 percent of our work force is going to be retiring by 2014.

Over the past 5 fiscal years alone, we have hired approximately 18,350 permanent employees, and we focused on equal opportunities for all, including minorities and women. Currently, almost 37 percent of our claims representatives have been in the position for less than 3 years, and at the other end of the scale, 555 employees are reaching 40 years of service this year, and we expect 745 employees to reach that 40-year milestone next year.

In the interest of time, I am not going to go into detail about new responsibilities and workloads that the Chairman referenced under the Medicare Modernization Act (P.L. 108-173). I know this Subcommittee has been following our activity very closely. I would like to say that I am proud of our Agency's performance in meeting the responsibilities that we have for the new prescription drug program and specifically the low-income subsidy. I assure you also that we are on target to meet our responsibilities for changes in the part B premium structure for high-income beneficiaries.

Also, among the challenges facing us is one arising from new verification requirements. These changes are in response to requirements in the Intelligence Reform and Terrorism Prevention Act (P.L. 108-458) and they have led to increased traffic in field offices because some individuals have made second or multiple trips in order to present the documents they need to do business with us to receive a Social Security card.

Finally, as you know well, Congress is in the process of considering changes in immigration policies that could require additional verification processes or make other changes to the way that we do business. I would hope that consideration of such proposals takes into account the time and the resources that Social Security would need to ensure that workers would not have to wait lengthy periods after being hired because of delays in the verification process.

In closing, Mr. Chairman, I want to thank you, Mr. Levin, and the other Members of the Subcommittee for your unflagging support for this Agency in order to meet the challenges that I have described and continue to provide the kind of service I know your constituents expect and deserve.

At this time I will be happy to try and answer any questions that you or other Members may have.

[The prepared statement of Ms. Barnhart follows:]

**Statement of The Honorable Jo Anne B. Barnhart, Commissioner,
Social Security Administration**

Mr. Chairman and members of the Subcommittee, I am pleased to be here today to discuss the Social Security Administration's service delivery challenges. I appreciate the Subcommittee's interest in and support of SSA in the past, and I look forward to continuing to work with you. I want to thank you for holding this hearing and giving me the opportunity to tell you of our accomplishments, our plans for the future, and our budgetary needs.

The President's FY 2007 administrative budget request for \$9.496 billion for SSA would provide the resources to allow SSA to maintain service and fulfill new responsibilities, some of which I will outline today. In recent years, although we at SSA have enjoyed strong support from this subcommittee, the Congress has appropriated less for SSA than called for in the President's budget requests. Consequently, I have been faced this year, as last year, with the dilemma of determining where among our workloads I should cut back resources from the originally planned levels. As Commissioner of Social Security, I believe my primary responsibility is to ensure that benefits are paid as timely as possible.

This means that workloads such as processing retirement and disability claims have priority over other workloads including stewardship activities such as continuing disability reviews and SSI non-medical re-determinations.

Mr. Chairman, we at SSA have been tasked with new and non-traditional workloads through new legislation which I will discuss later in my testimony. Managing these new workloads, such as our duties under the Intelligence Reform and Terrorism Prevention Act and the Medicare Modernization Act, in a way that does not erode our ability to carry out our core mission, is a challenge, especially in a world of tighter resource constraints.

In FY 2007, we will process over 6.7 million claims for benefits; process almost 245,000 Medicare Part D low income subsidy applications; make decisions on over 575,000 hearings; issue 18 million new and replacement Social Security cards; process 265 million earnings items for workers' earnings records; handle approximately 59 million transactions through SSA's 800-number; serve 42 million visitors to our field offices; process millions of actions to keep beneficiary and recipient records current and accurate; and conduct 1.6 million continuing disability reviews (CDR) and over 1 million non-disability Supplemental Security Income (SSI) re-determinations.

First, I will discuss where we are in terms of delivering our traditional services.

Service

As I have said many times, I did not accept the position of Commissioner of Social Security to manage the status quo, and as you know, I have made improving service to our disability claimants a priority.

We have taken significant steps toward that end—especially the successful development and implementation of the electronic disability process, or eDib.

As you know, Disability Determination Services (DDS) are the state agencies that make initial determinations for Social Security and SSI disability claims. Already, the electronic claims folder is being used in all 50 DDSs, and 92 percent of DDS staff adjudicate cases in an electronic environment. I am proud that the medical information we capture electronically is already the world's largest repository of electronic medical records, with over 36.5 million records.

I want to assure you that we are monitoring the implementation of eDib carefully. We have developed a certification process, called the Independence Day Assessment (IDA) certification, to determine when each State is ready to use eDib exclusively as the official Agency record. We assess the electronic business process and evaluate the system performance. IDA is an important quality assurance initiative that accurately measures eDib rollout progress while allowing for the unique characteristics of each State's disability determination infrastructure, population, and demographics. The electronic claims folder is the official Agency record for new disability claims in 37 States and the remainder will be IDA certified by the end of calendar 2006.

Let me share with you a real-life story that makes obvious the necessity of eDib. In the aftermath of Hurricane Katrina—while issuing more than 73,000 immediate benefits payments for displaced persons and setting up response units at the Houston Astrodome and other evacuation centers—SSA provided further relief. Of the 5,000 cases in the New Orleans Disability Determination Services, 1,500 had already been stored electronically through eDib. These records were immediately transferred to other offices to be processed. Ultimately, we gained access to the building, packed the remaining 3500 folders in 400 boxes and carted those down six flights of stairs by flashlight. But thanks to eDib, there was no delay in processing those 1,500 cases.

The implementation of eDib is important in and of itself to improving service and efficiency, but it is also a vital precursor to the successful implementation of process changes that I believe will significantly improve the disability determination process. On March 31, 2006, we published in the *Federal Register* final rules to implement our plan for Disability Service Improvement, which will improve our ability to make the right decisions as early in the process as possible.

The rules were developed after a long and comprehensive outreach to all groups involved at every step of the disability determination process. We listened to interested parties and groups in both the government and private sector, and to the claimants and beneficiaries who rely on us to provide the best possible service. I personally participated in more than 100 meetings with almost 60 groups, and we received hundreds of informal comments and suggestions. Throughout this dialogue, the professionalism and serious manner in which concerned groups and individual citizens provided their thoughts and ideas constantly impressed upon me the need to improve the process.

It was only after laying this firm foundation that we drafted the notice of proposed rulemaking (NPRM) that was published last summer on July 27, 2005. In re-

sponse to the NPRM, we received close to 900 comments. They offered insight on the process from every perspective and vantage point.

In drafting the final rule we were aware that, although there was broad agreement on the need for change, numerous groups perceived our proposed rule as favoring administrative efficiency over fairness. That view was underscored by this subcommittee. Let me assure you that was *not* our intent. The final rule contains a significant number of changes which we think underscores our commitment to serve the public who depend on us.

We will begin implementation on August 1, 2006, in the Boston region, one of our smallest regions, consisting of the states of Maine, New Hampshire, Massachusetts, Vermont, Connecticut, and Rhode Island. We will carefully monitor the implementation process in the Boston region and quickly address any problems that may arise. We will wait at least a year before implementing these regulations in a second region so we can be sure that our improved disability determination process is functioning in the manner that we expect, and to be certain that we have resolved any unanticipated issues that arise during the first phase of implementation. Once we are satisfied with our progress, we will then move to roll out the process one region at a time.

In our disability program, as with all our core services, the Agency continually strives to find cost-effective means for providing excellent service. For example, we have developed a system to control and process reports of return to work by disability beneficiaries. The system is called e-Work.

This is important because, if earnings are not processed timely, beneficiaries trying to return to work may ultimately face large overpayments. And, avoiding overpayments is a key element of good stewardship.

The e-Work system allows for improved coordination between Field Offices, enabling earnings information to be recorded at the point-of-contact, thereby reducing the occurrence of overpayments. Work CDRs are used to develop and evaluate the worth of the beneficiary's earnings to determine if disability benefits should continue or cease. The e-Work system replaced a manual, labor-intensive process, allowing SSA employees to process work CDR more efficiently, timely and accurately. The system also provides a mechanism to collect reports of earnings for SSI recipients and issue receipts of such reports to both DI work CDR beneficiaries and SSI recipients. The application provides improved management information and tighter controls on the work CDR process.

At SSA, we are committed to providing service to all Americans in a way that meets their needs. Thus, in addition to our traditional field office and telephone service, we have developed a suite of Internet and automated telephone applications that are safe, accurate and efficient. Last year, more than 23 million inquiries were answered through our Internet Frequently Asked Questions (FAQs), rather than by our employees. FAQs are easy to use and ensure consistent and accurate information is provided to those who need it.

Electronic transactions initiated by the public, such as applications for benefits and reports of status changes, grew from about 600,000 in FY 2004 to over 1.5 million in FY 2005, an increase of approximately 175 percent. Internet service is less costly than our traditional service methods, and we are also finding that, as Americans become accustomed to electronic services in banking and other areas of their lives, a growing number prefer on-line access to SSA services. Finally, I assure you that SSA complies with all applicable privacy and security protections ensuring the availability, integrity and reliability of personal information subject to the electronic business processes I describe today.

Stewardship

Our commitment to quality service extends to all of SSA's programs. I've discussed today some of the steps we are taking to improve the disability process so that eligible claimants receive the benefits they are entitled to. But true public service also requires sound stewardship of public resources. The people of America, who fund the Social Security program through their FICA tax contributions and the SSI program through part of their income tax payments, expect and deserve well managed programs. And we take very seriously this responsibility to ensure that those entitled to benefits—but only those that are entitled—receive them.

But good stewardship involves more than money. It also means making sure that earnings reported and recorded by employers are as accurate and precise as possible, credited to the correct worker, and that those with criminal intent are prevented from using Social Security numbers (SSNs) and cards to advance their illicit operations.

Accurate earnings information is vitally important to our administration of the Social Security program because a worker's earnings record is the basis for deter-

mining eligibility for and computing retirement, survivors, and disability benefits. If a worker's earnings are not properly recorded, he or she may not qualify for Social Security benefits or the benefit amount payable may be wrong.

SSA has assigned over 436 million SSNs since 1936. Earnings posted to an individual's SSN are used to determine eligibility for and the amount of Social Security benefits to which that worker and his or her family may be entitled. Ultimately, the SSN is used to track earnings and the payment of those benefits.

Over the years, we have worked to offer employers alternative methods to verify SSNs. One of those methods is the Employee Verification Service (EVS). EVS is a free, convenient way for employers to verify employee SSNs. It provides employers with several options depending on the number of SSNs to be verified. For up to five SSNs, employers can call SSA's toll-free number for employers (1-800-772-6270) weekdays from 7:00 a.m. to 7:00 p.m.

Eastern Standard Time. Employers may also use this number to get answers to any questions they may have about EVS or to request assistance. In FY 2005, SSA responded to nearly 1.5 million calls.

Employers also have the option to submit a paper listing to the local Social Security office to verify up to 50 names and SSNs. In addition, employers may use a simple registration process to verify requests of more than 50 names and SSNs or for any number of requests submitted on magnetic media. Currently, almost 17,000 employers are registered for this verification service.

To further increase the ease and convenience of verifying employee SSNs, we developed the Social Security Number Verification Service (SSNVS), which is an internet option that permits employers to quickly verify the accuracy of employees' names and SSNs by matching the employee-provided information with SSA's records. This service was expanded to all employers in June 2005.

I announced the nationwide rollout at the SSA-sponsored National Payroll Reporting Forum in Baltimore, Maryland, and we have publicized SSNVS in various ways. An article on SSNVS appeared in the SSA/IRS Reporter that is sent to over 6.5 million employers. It was also featured in the SSA wage reporting email newsletter, W2News. We have also highlighted SSNVS in our many speaking engagements before the employer community. There is a special section on SSA's website for employers that highlights and explains the use of SSNVS.

Through SSNVS, we processed over 25.7 million verifications for over 12,000 employers in 2005, and 8.9 million verifications from 16,000 employers in the first four months of 2006.

In addition, employers may participate in the Basic Pilot program, an ongoing voluntary program in which SSA supports the Department of Homeland Security (DHS) in assisting employers confirming employment eligibility for newly hired employees. Participating employers register with DHS to use the DHS' automated system to verify an employee's SSN and work authorization status. The information the employer submits to DHS is sent to SSA to verify that the Social Security number, name, and date of birth submitted match information in SSA records. SSA will also confirm US citizenship, thereby confirming work authorization; DHS confirms current work authorization for non-citizens. DHS will notify the employer of the employee's current work authorization status. In December 2004 the Basic Pilot was expanded. Currently the Basic Pilot is being used by 6,509 out of a total of approximately 6.6 million employers nationwide.

In 2005, through the EVS, SSNVS, and Basic Pilot programs, we estimate we provided a total of 67 million employer verifications, up from 62 million in 2004.

Employers report wages to SSA on Forms W-2 (Wage and Tax Statement). SSA processes the Form W-2 data for tax purposes for the Internal Revenue Service (IRS). Self-employed individuals report information on self-employment income to IRS on Schedule SE. IRS then sends this self-employment information to SSA. SSA uses the SSN to record employees' earnings.

Last year, SSA processed over 235 million W-2s from 6.6 million employers that are sent to the SSA either on electronic media or on paper. Over 150 million wage earners work in jobs covered by Social Security, which means that many workers were employed in more than one job during a year. While some employers continue to send us their reports on paper, we encourage electronic filing. We work with the employer community to educate them on the advantages of this method and expect its use to expand as technology improves. In fact, in FY 2005, 66 percent of W-2s were filed electronically, up from less than 10 percent in 1999. We believe the increase in electronic filing will reduce errors over time.

As you know, SSA mails Social Security Statements to workers over age 25 each year (approximately 144 million in 2005). The Statement is a concise, easy-to-read personal record of the earnings on which the worker has paid Social Security taxes

during his or her working years and a summary of the estimated benefits the individual and his/her family may receive as a result of those earnings.

We encourage workers to review the Statement to ensure that the information in SSA's records is correct and to contact SSA to make any corrections necessary.

When a person files for benefits, an SSA employee reviews the earnings record with the worker and assists the worker to establish any earnings that are not shown or are not correctly posted. However, since it may be difficult for the worker to accurately recall past earnings or to obtain evidence of them, we strive to maintain accurate records at the time the wages are reported.

Apart from enumeration initiatives, we also fulfill our fiscal stewardship responsibility by conducting Continuing Disability Reviews (CDRs), which ensure that those who receive disability benefits continue to meet our definition of disability. CDRs are a cost-effective program integrity workload, saving \$10 in program benefits for every \$1 spent in administering them. As I noted earlier, we are doing fewer CDRs than called for in the President's budget request for FY 2006 because we have given priority to our claims processing workloads including applications for disability benefits. An increase in the number of CDRs conducted in FY 2007 will result in greater program savings, but let me stress that we need our full request for administrative resources for CDRs, whether provided in our appropriation within the discretionary spending cap, or provided as an adjustment to the cap.

Staffing

At SSA, we are committed to technology and innovation, but we also believe that our devoted employees are the heart of its success. Our most critical asset in continuing to maintain a high level of service is the excellence of our workforce, and we currently have almost 65,000 full time and part time permanent employees.

We expect that just over 40 percent of our workforce will be retiring by 2014. Our workloads are also expected to grow dramatically as the baby boom generation approaches their peak disability and retirement years. Consequently, the greatest human capital challenge facing us is to develop strategies that ensure we will be able to maintain a high performing workforce that is prepared to deliver quality service.

To meet this challenge, we developed our first Human Capital Plan (HCP) in 2004 as a tool to chart the Agency's course, and we issued an updated Plan in 2005. It outlines our plans to successfully recruit, hire, develop, and retain a diverse workforce to carry out the mission of the Agency. SSA was well positioned to implement our HCP because we had started in the 1990s to analyze and plan for the impact of future retirements. This early Retirement Wave analysis resulted in our original Future Workforce Transition Plan, which now serves as a tracking mechanism for the HCP.

Because of our earliest Retirement Wave analysis addressing potential future losses, we have successfully used several key strategies to control the impact of possible retirements. We implemented an aggressive, agency wide recruitment strategy, we strategically use early-out in order to "flatten" the retirement wave, and we renewed our national leadership development programs.

Our HCP aligns with and supports the Agency Strategic Plan goal of strategically managing and aligning staff to support SSA's mission by demonstrating how we will invest in and use human capital. It focuses on the areas of Strategic Alignment, Workforce Planning, Workforce Development and Knowledge Management, Performance Culture, Leadership, and Accountability Measures.

It includes steps directly related to employee recruitment, development and retention. Our human capital goals also focus on developing a performance culture linked to Agency mission and goals, and enabling us to identify and develop our future leaders. This plan sets our course for continuing to achieve measurable human capital results, which will not only continue to improve SSA's service to the American public, but also provide accountability for all of our human capital activities. We update our analysis and assess our progress annually.

Approximately 23% of our employees are currently eligible for regular retirement. In five years (2010), 40% will have become eligible and that figure will continue to grow.

Overall, we estimate the wave will peak between FY 2008 and FY 2010, when the greatest number of employees will retire from our workforce. Typically, we've found that our employees retire 3.7 years after they are first eligible.

Our recruitment strategies continue to succeed. During FY 2005, we hired 4,610 new employees. In this massive recruitment effort, we hired 2,200 new front line employees in support of the Medicare legislation.

We have experienced a steady improvement in retaining new hires. Between 1998 and 2004, the two year retention rate for new hires has increased from 84% for 1998

to 88% for those hired in 2004. Our one-year retention rate for all employees for FY 2005 was 93.4%, as compared to 91.6% in the Federal government overall.

Through our efforts, we have turned the retirement wave into an opportunity. Over the past five fiscal years, we have hired approximately 18,350 permanent employees, and we have focused on equal opportunities for all, including minorities and women. Currently, almost 37 percent of our claims representatives have been in position for less than 3 years. At the other end of the scale 555 employees are reaching 40 years of service this year and we expect 745 to reach that milestone in 2007.

We attribute our success to several factors:

- Support from the highest levels of the agency;
- Strong linkage to the agency strategic plan;
- Development of a long-term service vision;
- A specific Human Capital Plan;
- Analysis and study of potential future losses;
- and National and regional leadership development programs.

Through these strategic Human Capital approaches, we are confident that we will continue to maintain a high performing workforce that is prepared to deliver quality service to the public we serve.

At the beginning of my testimony, I said that I am concerned that new and non-traditional workloads may affect our ability to perform our core responsibilities. I will discuss those now.

New Enumeration Procedures

As I touched on earlier, we have taken a number of steps to further strengthen the processes associated with issuing SSNs. You will recall that SSA formed a high-level response team to develop recommendations on enumeration policy and procedure in the aftermath of the terrorist attacks of September 11, 2001. Implementation of many of the team's recommendations has strengthened our capability of preventing those with criminal intent from obtaining and using SSNs and SSN cards. Some of these initiatives include:

- Beginning June 1, 2002, we began verifying birth records with the issuing agency for all United States born SSN applicants age one or older. Under former rules, we only verified birth records for applicants age 18 and older. As of December 17, 2005, we are verifying all birth records.
- Beginning in July 2002, we began verifying the immigration status of all non-citizen applicants for SSNs with DHS before assigning SSNs.

In addition, we have new responsibilities under the Intelligence Reform and Terrorism Prevention Act of 2004 which became effective in mid-December 2005. As a result, the processes we employ to issue Social Security numbers and cards have changed. For instance, we now require applicants to submit documents that include a name, identifying information, and a photograph. For U.S. citizens, we must see a driver's license, a state-issued picture ID, or a passport if one is available. If these documents are not available and the applicant cannot obtain one within 10 days, we will accept other documents, such as an employee identification card, a school ID, a health insurance card, or an adoption decree. For non-citizens, we must see current U.S. immigration documents. This may require an applicant to return to the field office if they come to an office without one.

Medicare Prescription Drug Program

As you know, the Medicare Modernization Act, or MMA, enacted in December 2003, established the new Medicare prescription drug benefit. The new Medicare prescription drug coverage was designed to help beneficiaries meet their needs for prescription drugs. Under the new coverage, all people with Medicare have the opportunity to voluntarily enroll in prescription drug plans. MMA also provided an extra level of assistance for people with Medicare who have limited incomes and resources in helping to pay for the monthly premiums and cost-sharing required by the new Medicare prescription drug coverage. This assistance is the low income subsidy, or extra help, as it is frequently called.

SSA was given the responsibility by Congress to take extra help applications and to make extra help eligibility determinations for individuals who were not automatically eligible. Additionally, SSA was charged by Congress with the collection of premiums for the prescription drug program itself, in cases where beneficiaries tell the prescription drug plans when they enroll that they want their premiums withheld from monthly Social Security benefits. This withholding of premiums is similar to the function SSA already performs for beneficiaries in the withholding of other Medicare premiums.

We were given these responsibilities because of our network of nearly 1,300 offices with 35,000 employees across the country, and because of our existing role in administering some parts of the Medicare program as well as our proven experience in serving the public. Over the past 70 years, our agency has gained a reputation for helping citizens in the communities where they live, and Congress realized that our presence on the ground would be vital in the launch of the Medicare extra—help program.

As of April 30, we had received applications from more than 4.9 million beneficiaries, of which almost 850,000 were unnecessary, because either the applicants were automatically eligible or because they had filed more than one application. We have made over 3.9 million determinations on the eligibility for extra help, and have now found more than 1.7 million of these individuals eligible. We have also notified the individuals who filed unnecessary applications of their current eligibility.

We will face new Medicare challenges at the beginning of FY 2007. Section 811 of the MMA reduces the federal subsidy of Medicare Part B premiums for those with higher incomes. Currently, Part B enrollees pay about 25 percent of their Part B cost (the “standard” premium). The remainder is financed by transfers from general revenues into the part B Trust Fund.

Starting in January 2007, the federal Part B premium subsidy will be reduced so that higher income beneficiaries pay higher Part B premiums. There will be four levels of increases to these premiums. This subsidy reduction will be phased in over three years. MMA requires that we use IRS data to determine who is affected and the amount of the additional premium they will have to pay.

In 2007, the threshold amount above which a higher premium must be paid is \$80,000 for those who file a single income tax return and \$160,000 for married couples who file a joint return. Threshold levels will be indexed annually.

MMA requires use of modified adjusted gross income. This is adjusted gross income plus tax-exempt interest income and other income. We will do the first annual data exchange with IRS in October 2006 for premiums paid effective 2007. Weekly exchanges for the newly entitled will start prior to January 2007. Ongoing premium amount determinations will be made annually, prior to the start of each calendar year, and will be effective the entire year. It will also be made on an ongoing basis as people enroll in Medicare Part B.

The IRS data we will receive is 2 to 3 years old. Because of the time lag, the law permits Medicare beneficiaries to provide more recent tax return data to determine the premium when they have a life-changing event that significantly reduces their income or to provide corrected or amended tax returns.

SSA published proposed regulations concerning these rules on Friday, March 3 and the public comment period closed on May 2. We will be evaluating the comments in the coming weeks to determine what changes, if any, made by needed to the proposed regulations. We expect to publish the final rule later this year.

Those regulations and the statute define those life changing events as well as the procedures beneficiaries may use to provide corrected or amended returns when determining premiums. Beneficiaries may appeal SSA’s calculation of the premium.

Affected Medicare beneficiaries will receive a notice from Social Security later this year. And I need not tell you, Mr. Chairman, that we can expect to see an up tick in calls and visits when those notices go out.

In fact, I should note that all of the challenges I’ve talked about—especially our new Medicare responsibilities and changes in verification requirements—have combined to create substantial increases in the number of field office visits and 800 number calls, especially in January.

The volume of visits and calls has receded from the January peak although they are still higher than historical levels. And I want to take this opportunity to recognize the efforts of SSA employees to handle the increased workloads we experienced during the fall and winter.

Funding and Productivity

Our achievements over the last year are proof that resources provided to SSA are used efficiently and effectively to administer America’s social security programs. In FY 2005, SSA made benefit payments monthly to over 52 million people for an annual total of over \$552 billion. And we did all of this, and much more, with administrative expenditures of less than 2 percent of the SSA budget.

In FY 2005, SSA productivity increased by 2.7 percent over the previous year, part of an impressive cumulative increase of 12.6 percent since 2001. I am proud to note that we increased productivity annually for fiscal years 2003, 2004, and 2005. In addition, from FY 2001 to FY 2005, SSA improved performance in several key service areas. For example, SSA has reduced processing time for both initial disability claims (from 106 days to 93 days) and appeals of hearing decisions (from 447

days to 242 days). SSA has also processed more work. In FY 2005, SSA processed over 450,000 more initial disability claims, approximately 140,000 additional SSA and Medicare hearings, and over 670,000 more retirement and survivors claims than in FY 2001.

Coupled with productivity increases, funding is the fuel that drives our ability to meet the needs of the people who rely on our services. SSA's service delivery budget provides a context for making funding decisions and determining the effect a given level of funding would have on the Agency's ability to provide service over a broad range of workloads.

Conclusion

I am very proud of the exceptional dedication of the men and women of Social Security and the State Disability Determination Services. Our employees share a deep commitment to finding better ways to be even more responsive to those who depend on our service and sound fiscal stewardship. I am fortunate to work with such dedicated and compassionate public servants. And I want to thank you, Mr. Chairman and members of the Subcommittee, for your support for the Agency. In order to meet the challenges I have described and continue to provide the kind of service your constituents expect and deserve, we will need your continued support.

I will be glad to answer any questions you may have.

Chairman MCCRERY. Thank you, Commissioner Barnhart. Let's follow up on the thing you mentioned last about the Social Security Number Verification Service (SSNVS). According to information that I have, in 2006 your Agency is on track to increase the SSNVS activity by about 38 to 40 percent. In your statement just now you indicated while you are doing that, there may be some delays in getting that verification to the employers.

Ms. BARNHART. I appreciate the opportunity to clarify. With SSNVS there is no delay, as the Chairman points out. We absolutely are on target to increase the usage of that SSNVS, which is a real-time system. Employers who choose to participate get a pin and password; type in a name, address, birth date, and SSN; and we will send back immediately whether that information matches or doesn't match.

The issue in terms of delays relates specifically to the Basic Pilot, which, as you know, is a system that we participate in that is operated by the U.S. Department of Homeland Security (DHS), and one of the immigration proposals that is being considered is to make the Basic Pilot mandatory. Right now it is a voluntary program, and I think about roughly 6,000 employers participate. If it is made mandatory, that number goes up dramatically.

The reason that it creates delay is that when the system checks to see if your name and SSN are in the system to verify your citizenship status and birth date, if there is an issue and it doesn't match, what we call fall-out work, which means the ones that don't match come to the Social Security office, and we have to do follow-up activities to resolve the fact it doesn't match, to find out whether it really doesn't match, or is a mistake, or someone got married. It is that kind of work that could cause a delay if we don't have adequate resources, because obviously we are operating at full capacity and then some.

We are already on target to increase productivity this year by about 2½ percent, so if we add new responsibilities, and we don't have commensurate resources, then it means there could be delays in terms of doing that follow-up work, which would affect someone's ability to start a new job, for example.

Chairman MCCRERY. Could there be or is there some sort of automatic checklist that the employee could receive immediately. In other words, have you been recently divorced or married; common reasons why the match might not work so it would help you, they can check off those things and send it right back to you and verify that?

Ms. BARNHART. Certainly, we could do those kind of things, but the information comes in from the potential employers. They are the ones that go to DHS. We could do that once it gets to us, obviously, which requires contact with the individual. The ideal thing would be if that kind of thing could happen at contact with the employer, but then it is up to the employer to actually make that happen.

We would look at all kinds of things like that to cut down on the fall-out work, believe me, and that is a good suggestion.

Chairman MCCRERY. Are you conducting outreach activities to the employer community to know about this service?

Ms. BARNHART. Absolutely. We have sponsored conferences with payroll communities to let employers know. We have positions in which employers support liaison officers who are all over the country and go out and seek out contacts with local businesses and employers or to inform them of it.

We also have a number of publications. We put things on the Internet. We have a whole section on our Website that speaks specifically to the services that we provide to employers and highlights the SSNVS.

Yes, sir, we are doing everything we possibly can to reach out to the employer community.

Chairman MCCRERY. Let's talk about the President's budget for just a moment with respect to additional funding, emergency funding. I am thinking particularly of hurricanes and the additional expenses that the SSA incurred as a result of the hurricanes.

The President in his budget requested some additional funding, supplemental appropriations for inspector generals, but not for, I think, the \$38 million that the Senate has included in their bill, general increases in your expenses related to hurricane follow-up.

What is the status of that? Has the administration made any comment on the Senate's \$38 million? What is your position on that?

Ms. BARNHART. Certainly, as I am sure you can appreciate being from Louisiana, more than probably anyone in this room. Many agencies spent additional unanticipated funds as a result of Hurricane Katrina, and I have to say that I am very proud of the job that Social Security did, and I appreciate your kind comments because our people clearly went above and beyond the call of duty as individuals because many of them were affected themselves in terms of losing everything they own and still going to the closest offices to provide service to other people. It was really a remarkable occurrence.

However, the supplemental appropriation request that the administration submitted did not include additional funds for Social Security. We originally estimated our costs somewhere around \$73 million. Some we took care of under last year's budget. It covered things like the 15 offices that were damaged. Ten of those—I think

it's eight that are almost completely demolished. We've set up 10 temporary work sites to deal with those.

We had relocation expenses for employees. We had 58 SSA employees who volunteered with U.S. Federal Emergency Management Agency (FEMA). It was a host of things that occurred as a result of Hurricane Katrina, but, no, there was no funding request included for Social Security in the administration's supplemental.

Chairman MCCRERY. Again, thank you for so competently responding to that disaster. I wish that I could say the same for every Federal Agency that was involved. I know other panel Members have questions, so I will stop now. I may come back and ask you a few more inquiries. Mr. Levin.

Mr. LEVIN. Thank you, Mr. Chairman. I share your expression of admiration for the effort of the administration and your wish that that were achieved elsewhere.

Let me ask you some questions about levels of support that come from both the budget of the administration and from here. I know that you are in somewhat of a sensitive position. Years ago I was in an Agency, and there was always the dilemma of how do we talk about the President's budget—some of us who were appointees of the President. There is a problem there, and I respect that.

I do think it is important to get as clear an understanding as possible of where the Agency is and also whether you really have the resources that are necessary to carry out these responsibilities. You mentioned these new responsibilities. As we go through this, I think we are struck by the additional jobs that you all have. You mentioned the level of support of cost and how efficient SSA is, but I think we have to be careful that we don't put so much pressure on you that that level of efficiency is undermined.

Let's talk a bit about the budget request as much as you can say, because I think it may also have some impact on what the appropriators do. There is mention here the Congress had appropriated less for SSA than called for in the President's budget request. At the same time, as I understand it, the President's budget request for 2007 was considerably less than you requested, right?

Ms. BARNHART. I appreciate your comments. Thank you very much for understanding the situation, this so-called budgetary dilemma, as you describe it.

One of the reasons that I created this service delivery budget plan is precisely because of that dilemma. I thought it was really important for a program this significant that is such a part of the fabric of American society for Congress, the administration, the President, and the Office of Management and Budget (OMB) to understand, what it took to get to where we want it to be, and that is why I did a 5-year budget, which I have upgraded every year. Had I gotten everything that I asked for or laid out in that original service delivery budget plan, had I received the funding levels that I show to be necessary to achieve the goals of getting rid of all backlogs by 2008, we would, in fact, have accomplished all those things. We would not have backlogs anywhere. We would be in a very good position not just because of the money, but also because of the productivity increase that the Agency has managed. As the Chairman mentioned in his opening comments, it is almost 13 percent. That is one way to look at it.

Another way to look at it is in the last several years Congress gave us \$720 million less than the President requested, which equates to about 9,000 work-years. If we had gotten those 9,000 work-years, we would have no backlogs in the hearing offices. There would be 400,000 pending hearings. That amount pending is considered pipeline work just so that there is work going on in the process. We would still have backlogs in our postentitlement work, maintaining accurate records and so forth, posting, changing address, those types of things. Does that give you the picture you were looking for, Mr. Levin, to discuss it in those terms?

Mr. LEVIN. More or less. Mr. Chairman, we have a vote. How many votes do we have? I think I will stop here and let my colleagues, because we may be there for a while. We have so much to do, I am not sure we want to delay your departure. Maybe what we will do is I will submit further questions, and you can communicate with us.

Ms. BARNHART. Be happy to, or happy to meet with your staff.

Mr. LEVIN. Maybe we want to come back. It is not clear how long we will be gone. I will finish.

Mr. POMEROY. Thank you, Mr. Chairman.

Madam Commissioner, I also wanted to say that I think you are doing an extraordinary job. I don't know of an Agency that is as strongly led as Social Security under your leadership. I think very highly of the job you are doing, and I share your view, the staff commitment is incredible. In North Dakota offices, okay, who is the new-timer here; how long; 18 years. It is just amazing to me.

It is clear to me that this is really a mission that these people feel about providing this service. In that context I had a visit with a couple of employees at a Medicare sign-up event in North Dakota. They were concerned about the diminished service levels that had occurred in the office. It was Minot, North Dakota, but I don't single out Minot, and the replacement ratio is something like four workers leaving before you can hire one to fill has significantly reduced their staffing by like 40 percent, and they just cannot provide the kind of service that they used to provide.

For people who are so deeply committed to doing the best they can, watching their performance be diminished is difficult. I think there is a shared responsibility in terms of underfunding. I don't think the administration has given you the resources you require, and I think Congress further whacking back the administration has really been remiss in taking that action. We are diminishing the service levels in the Social Security office in our districts when we don't fund the President's request on Social Security. That is the least we should do, not some kind of arbitrary mark, you start paring from there.

Over the years you and I have talked about this administrative law judge (ALJ) issue and the insufficient number of ALJs on the disability system. How many do we have?

Ms. BARNHART. Where we are on that, Mr. Pomeroy, is we have 1,100 ALJs on duty. We are in the process of hiring 42 this year. I originally planned to hire 100 this year, but because of the fact we received \$294 million less than the President requested, we are hiring 42 ALJs. Our strength is coming back up. In terms of ALJs, and I would be happy to provide for the record—

Mr. POMEROY. Have they opened the list, refreshed the pool of potential ALJ applicants?

Ms. BARNHART. I am pleased to report that the Office of Personnel Management did publish an Notice of Proposed Rule Making (NPRM) in December. They tell us the regulation will be final in about 3 months, at which point they will have the test available. Then they will administer the exam, and I think, probably, by the end of this year we should have a new register for ALJs. Obviously, I know you have been very interested and very supportive in this whole effort, and that is going to be very important, since we have been using a list over 10 years old. I am sure there are many well-qualified people who have lots of experience in that 10-year period that didn't make the grade the first time.

Mr. POMEROY. Thank you. In the interest of time I will forego further questions.

Chairman MCCRERY. Thank you, Mr. Pomeroy.

Mrs. Tubbs Jones.

Ms. TUBBS JONES. Thank you, Mr. Chairman.

Madam Commissioner, it is always good to see you. I wanted to let you know that in February I had the opportunity to speak at the Beachwood office of the SSA with regard to Black History Month, and I had a wonderful time. One of the most amazing things for me is this office is 99.44 percent or near 100 percent women. The other exciting thing about the office was the fact that—

Chairman MCCRERY. Maybe that is why it works so well.

Ms. TUBBS JONES. Yes.

Mr. BECERRA. That is on the record now.

Ms. TUBBS JONES. I have been trying to tell you all that all along. It has been difficult to get it through.

The other thing that was so amazing was the length of service. The women in that office had 20, 25 years of service, and I was really pleased to see that as well.

Let me quickly just say that we appreciate the work you have done to bring more ALJs in to handle the work. You can't scream because you are part of the administration, we are all going to scream for you. You deserve to have the money. You must be doing such a great job that they are giving you all these other responsibilities, and we are going to scream and holler about them. The basic needs of workers in the United States of America, on disability, on Social Security, come to your office, and you ought to have the people to do the work. That is why we are against the pay cuts.

Thank you very much. I yield my time. I mean tax cuts, not pay cuts. Tax cuts.

Ms. BARNHART. I will share the comments about the Beachwood office with them. It will mean a lot. Thank you very much.

Chairman MCCRERY. Mr. Becerra.

Mr. BECERRA. Commissioner, good to see you again. First, I hope that you will help us lay the case that you need more money. There is just no way that anyone can expect to continue to achieve what you have done so tremendously well with the amount of money you are getting. At some point you are going to be overbur-

dened to the point of collapse, and we should not expect that you nor the troops under you at the administration should be expected to continue to perform at this level and not, at some point, just expire from overwork.

I hope that we will get message out within the Congress to the appropriators and to the White House and OMB; you need to have more money. You are doing great work, and you need to do it with the right amount of resources because no one should expect you to burn both ends of the candle.

Two issues, and it relates to the fact that your folks are overworked. We keep hearing in Los Angeles—right now California branch offices, I have been told, have been operating without full access to the computers; computer software used in entering information is slow and cumbersome, we are being told; databases used in all California offices have been down since this past Tuesday, or, I am sorry, last Tuesday of last week. We are being told that currently, there are folks in these offices averaging 50 new cases per week, per week. The backlog on medical determinations is up, where before, apparently, they were able—in these offices in Los Angeles, able to complete the processing of some of these medical determinations within a 90-day period.

My understanding is that you all are beginning to investigate the quality of some of the casework being done in Los Angeles. I think a lot of the folks are going to say that we have had to sacrifice quality because we have such a massive caseload that is growing on us. We can't handle it if we don't have the resources. This is not to knock the Agency, this is to say that I think this is just a symptom of not having the resources you need to do the work with the good people that you do have.

The other thing I wanted to raise in the short time I have is that we are also hearing some concern from parents of disabled children that the disabled adult-child program—there is not enough information out there for families that face this problem with children who became disabled before they turn 22 and, therefore, qualify for the disabled adult-child program, and that this program is out there and available to families that would qualify. I can submit some questions to you, but maybe we can have some correspondence on that particular issue. I know I have to yield back.

Ms. BARNHART. On that second point, let me say, certainly, that is not an issue that I was aware of, that parents are expressing those concerns. I really would like to have any information you can provide because, obviously, we try to do outreach to make sure everyone who is entitled and eligible for assistance gets it.

If I could comment for just a moment on the California situation and the system situation; I am pleased to be able to tell you the system is back up and running full speed today. The problem did not start last Tuesday. I will try to make this quick. We were upgrading capacity because of the electronic disability workload. California is one of our first large States to move to an entirely electronic environment. We have done upgrades in other locations, and they have gone without incident.

On Tuesday or Wednesday—my understanding is Wednesday or Thursday of last week the system started experiencing slowdown, which we expected, which is why we were going to upgrade the ca-

capacity. Friday was a planned down day to do that, to shut the system down, increase the capacity of the server, and then be back up by Monday.

Unfortunately, because of the overconfidence of our contractor who had actually done a superb job up to that point, took the old server down, and we did not have it as a back-up, system. We had done fine with the upgrade 31 times. I wish the 32nd time hadn't been in California a week before I came before this Subcommittee.

Anyway, I have been monitoring the situation personally very closely, and as a result we got the new system up. The old server has been rebuilt and is available as a back up in the event that we need it, even though now we'll be able to process faster with the new system. We monitor these things very closely because the whole point is to be able to provide better service, not worse service.

Anyway, as a result of the down time, if you include Friday, which was a planned down time, we had lost about 5,500 cases that did not get worked. That is how many would have been worked in terms of claims closed or opened, those kinds of actions. We are making accommodations for our flexible disability unit in San Francisco to help. We will get caught up, you have my assurance.

I do want to say the workers were not sitting idle, because there are many things they can do even when the system is down, and in every single location we have what is called an alternative business process, which means if we are down, we still have an alternative process whereby work can still be done. DDS staff can call to request medical evidence, pull up the e-view screen and make notations on the case. There are things that they can do even if they can't open or close the case. I want you to know that we were absolutely on top of it. It was very unfortunate, and we are going to make sure that we have the old server available parallel system as we continue to do future upgrades throughout the Nation.

Mr. BECERRA. Thank you.

Chairman MCCRERY. Thank you, Madam Commissioner. We will submit some additional questions in writing, and we appreciate very much your coming before us today and the job that you are doing.

Thank you, panel members.

Ms. BARNHART. If I can say, finally, I really do appreciate the opportunity to come before this Committee. Your interest and knowledge of and support for these programs, I think, is unparalleled, and it is really remarkable and wonderful for the people of the Agency who work so hard. They are working their hearts out every single day. They care a lot, and I care about them, and I know you do too.

Ms. TUBBS JONES. Mr. Chairman.

Just think how lucky you are, Madam Commissioner. This is the last day before the weekend, and there are lots of votes. You get to get out of here.

Chairman MCCRERY. The hearing is adjourned.

[Whereupon, at 10:37 a.m., the Subcommittee was adjourned.]

[Questions submitted by Chairman McCrery to the Honorable Jo Anne B. Barnhart and her responses follow:]

Question: The funding that was enacted for your Agency in Fiscal Year (FY) 2006 was about \$300 million below the President's budget request. Please provide more details about how you make decisions in terms of what workloads will or will not be processed, and how your Agency's ability to serve the public has been affected. If the President's budget for the SSA for FY 2007 is not enacted, would you tell us how service delivery will be further affected?

Answer: As Commissioner of Social Security, I believe my primary responsibility is to ensure that benefits are paid as timely as possible. This means that workloads such as processing retirement and disability claims have priority over other workloads, including stewardship activities such as continuing disability reviews (CDRs) and Supplemental Security Income (SSI) non-medical redeterminations. In addition, understanding the priority that the President and Congress place on the implementation of the Medicare prescription drug program, I made a commitment to direct as much of our funding as was needed to achieve successful implementation.

All of this means that this year we will not be able to process as many CDRs and SSI redeterminations as was planned in the fiscal year (FY) 2006 budget request. This was a difficult decision, because these stewardship activities produce significant program savings compared to their administrative cost.

The FY 2007 President's budget request for Social Security includes \$9.496 billion for our Limitation on Administrative Expenses. If Congress were to reduce this amount, we would not be able to meet all of the performance commitments laid out in the President's budget. As in prior years, I would need to balance our workloads in making resource allocations.

Question: The President's budget proposes funding outside recommended caps on discretionary budget authority for several government-wide program integrity activities. This would include \$201 million for FY 2007 for the SSA's continuing disability reviews. In the past, Representative E. Clay Shaw introduced legislation that would fund continuing disability reviews outside discretionary caps. Are you and the Office of Management and Budget discussing this proposal with the Budget Committee? If so, what has been the reaction?

Answer: Of the total \$9.496 billion proposed for Social Security's administrative expenses in FY 2007, the President's budget proposed to provide \$201 million outside of the discretionary spending caps specifically designated for CDRs. The Administration recognizes that CDRs result in far greater savings for the Social Security trust funds than they cost. In FY 1996 through FY 2002, Congress provided funding for CDRs in this manner, enabling us to successfully eliminate a significant CDR backlog and contribute to deficit reduction.

For FY 2007, neither the Senate nor the House-passed budget resolutions include the proposed cap adjustment for SSA.

Question: In your testimony, you mentioned that because of your resource constraints for the past few years, your Agency has had to cut back on the number of continuing disability reviews (CDRs) it will conduct. These reviews are important, as they ensure only those who continue to be disabled stay on the rolls and also generate trust fund savings—\$10 for every \$1 invested. How large is the existing CDR backlog? If the Agency receives the President's budget request, but without the \$201 million funded outside recommended discretionary caps, what progress will you be able to make in eliminating this backlog?

Answer: As I said in my testimony on May 11, 2006, as well as in response to your first question, I believe that, as Commissioner of Social Security, my primary responsibility is to ensure that benefits are paid as timely as possible. This means that workloads such as processing retirement and disability claims have priority over other workloads, including stewardship activities such as CDRs and SSI non-medical redeterminations. In addition, this year I have committed to direct as much of our funding as is needed to achieve successful implementation of the Medicare prescription drug program. As a result, we estimate that the existing backlog at the end of FY 2006 will be approximately 800,000 CDRs. This backlog includes a mixture of Social Security and SSI cases.

If the budget request is reduced by the \$201 million that the President has requested for CDR processing outside of the discretionary spending cap, it would dramatically reduce the number of CDRs we could process in FY 2007.

Question: At the end of December 2005, the period for comments on the proposed rule to revise the Ticket to Work program closed. When do you

expect to issue the final rule? Once the final rule is issued, when would you expect to implement it?

Answer: We expect to publish the final Ticket regulation in the fall of 2006 and plan to implement the program shortly thereafter.

Question: I was pleased to see in your testimony that you have taken steps to address a longstanding problem—the lack of timely posting of earnings reported by the Social Security beneficiaries. Clearly the benefits of your e-Work system and twofold: 1) to reduce overpayments and 2) to add a measure of certainty for those who wish to work that their wages will not result in an overpayment. Could you provide us with details on how the e-Work system is replacing the old labor-intensive system? Does the SSA plan to expand e-Work to cover Supplemental Security Income (SSI) recipients as well as dually-entitled persons? If so, what is the timeline for that expansion? In addition, how many cases is the SSA waiting to process where a beneficiary has reported earnings, or where the SSA data-matching operations identify a beneficiary who may have earnings? How long does it take between the time of such a report or identification until the SSA is able to process the earnings and, if necessary, adjust the benefit payment? Is the average amount of overpayment due to disability beneficiaries' earnings declining as a result of the availability of the e-Work tool?

Could you provide us with details on how the e-Work system is replacing the old labor-intensive systems?

Answer: e-Work is a web-based computer program designed to assist in the development and adjudication of Social Security disability (Title II) work CDRs. Prior to e-Work there were various stand alone programs that were housed on the shared drive of the local offices. Employees entered data into these programs to document wage reports that were provided by the public.

e-Work replaced these processes and now provides us with a fully automated method of handling and monitoring return-to-work actions. Because it is a structured, policy-driven automation tool, it has helped to improve the accuracy of work determinations by providing consistent developmental direction rather than relying solely on the experience of the adjudicator. Notices to the public, including receipts of work reports, are fully automated and are complete and consistent. Because it allows employees in all of our offices the ability to view and process work reports, it also has enabled us to be more responsive to the questions that might be received on specific cases, regardless of where the person resides and which component is contacted.

Question: Does the SSA plan to expand e-Work to cover Supplemental Security Income (SSI) recipients as well as dually-entitled persons?

Answer: SSA is working to improve collection of earnings information within the SSI Program. One improvement under development is the new Supplemental Security Income Monthly Wage Verification (SSIMWV) system. SSIMWV will streamline the inputs of monthly wage information associated with the SSI Program, including the recording of the data's source, posting of wages to multiple SSI records when required, and the generation of follow-up notices.

Question: If so, what is the timeline for that expansion?

Answer: SSIMWV was made available in 10 percent of field offices nationwide in April 2005. An enhanced version will be made available to these offices in July 2006. Nationwide rollout of SSIMWV is contingent on how the enhanced version functions in the test sites.

Question: In addition, how many cases is the SSA waiting to process where a beneficiary has reported earnings, or where the SSA data-matching operations identify a beneficiary who may have earnings?

Answer: As of May 14, 2006, there were 192,577 work reviews pending nationwide. Information pertaining to data matching operations to identify beneficiaries with earnings is not yet available via management information (MI) systems currently established within e-Work. The MI system in e-Work was developed and made available December 2005, and because of its infant stage, the software only provides basic data information regarding work reviews. The e-Work MI system does not interface with wage data matching systems at this time, but this function is on the list of processes we wish to add in future enhancements of the program.

Question: How long does it take between the time of such a report or identification until SSA is able to process the earnings and, if necessary, adjust the benefit payment? Is the average amount of overpayment due to

disability beneficiaries' earnings declining as a result of the availability of the e-Work tool?

Answer: A mechanism to gauge the full case processing timeframe, from the point wages have been submitted to the time when the work CDR has been completed, has not yet been developed. Further, we do not have the data available to substantiate the effect of e-Work on either preventing or identifying overpayments.

Question: You mentioned that your Agency has had an admirable track record in annual productivity gains, while processing increased workloads. Could you describe to us the changes your Agency has made to its business processes to achieve a cumulative productivity increase of 12.6 percent since fiscal year 2001?

Answer: Our productivity improvement has been achieved through technology and process improvements and through the hard work of our dedicated and committed staff. While we have ongoing process changes that should yield future productivity savings, such as the new Electronic Disability process and the Disability Service Improvement (DSI) initiative, much of our productivity improvement to date can be associated with a multitude of automation efforts impacting most, if not all, of our workloads.

For example, signature proxy, launched in June 2004, has improved benefit application services to claimants who file online, by phone, or in person. This process removes the requirement for a "wet" signature on benefit applications and continues the Agency's progress toward a totally electronic environment. By the end of FY 2005, this innovation resulted in more than 2.4 million electronic records that would otherwise have been created as paper, saving costs related to both processing time and storage.

Through changes like this, we have been able to consistently become more efficient from year to year.

Question: You mentioned that your Agency has hired approximately 18,350 new permanent employees over the last 5 years. I have also seen that you expect fully 40 percent of your 65,000 Member work force to be eligible to retire by 2014. That still leaves a net loss in total employment. Could you discuss your strategy to meet the expected increase in demand for your Agency's services as the baby boom ages? As a result of the tremendous growth in the popularity of your Agency's online services, do you expect that some of this demand will be met electronically?

Answer: Although approximately 42 percent (or 27,000) of our current work force is projected to retire by 2014, we believe that the success of our balanced recruitment and hiring methods has created solid internal mechanisms for current and future work force replacements.

The men and women of Social Security will continue to provide dedicated service to the public and will continue to look for ways to improve productivity. These efforts are enhanced by our ability to leverage technology and automation advancements. For example, we have improved the disability process by moving to an electronic disability claims file through Accelerated Electronic Disability (eDib); and, we have more than tripled the number of transactions that we process electronically over the Internet.

And, as the public—especially the baby boomers that are nearing retirement—become accustomed to conducting business online, we are finding that increasing numbers of individuals prefer to do business via the Internet. Thus, I would expect that method of providing service to continue to be used with increasing frequency.

Question: Last month's report by the Inspector General raises concerns about the amount of benefits your Agency is paying to people who are not eligible for them. How do you plan to address the concerns raised by the report, and what are your goals for reducing overpayments in the next fiscal year? Also, how do you plan to accomplish these goals so that you do not discourage disability beneficiaries from attempting to return to work?

Answer: We believe that by reducing overpayments, and the fear of being overpaid, we will be encouraging, rather than discouraging, work activity. We are focused on encouraging work activity, as well as the prompt reporting of this work activity; faster identification of those who may not report work activity; controlling the workload to make sure it is not delayed; and expediting (through automation and improved policies and procedures) the processing of those workloads. These actions, in addition to public education, will reduce overpayments without imposing an increased burden on our beneficiaries or discouraging their work efforts.

Question: In your testimony, I note that from fiscal year 2004 to 2005, your Agency has experienced an impressive increase of about 175 percent

in the number of transactions conducted online. Do you plan to add more improvements to your Agency's website, so that the American people can access more services from the SSA 24/7?

Answer: Increased usage of our electronic applications has continued steadily through FY 2006. As of April 2006, the volume of successful electronic transactions of 1,317,200 represents 138-percent growth over the FY 2004 baseline. By the end of the fiscal year, our goal is to achieve 300-percent growth over the FY 2004 baseline or 2.2 million electronic transactions. The volume of electronically initiated transactions currently represents about 7 percent of our total incoming work.

We strive to provide the public with "always on" service via our website. Our website is available 24 hours a day, 7 days a week, and our online applications are accessible 20 hours per day on weekdays and 15 to 18 hours per day on weekends. We are planning to make improvements to the website during the next few years, with specific improvements for next year subject to approval in July 2006.

Question: We have heard complaints from some people about how long the disability determination process is taking at the Department of Veterans Affairs. So much so that some veterans are looking to the Ways and Means Committee to allow their tax records to be amended retroactively for the three past open tax years in current law. I believe the better course of action would be to have these cases settled faster than that. Do you have lessons learned that you think should be shared with the VA? How long has it taken the SSA to plan and implement the changes you have made so far, and when do you think the disability process will be fully computerized nationwide?

Answer: Because SSA's disability determination process differs from the process used by the Department of Veterans Affairs (VA), it is difficult to translate our experience in developing the DSI regulation into "lessons learned" that would be both appropriate and useful to the VA. As we begin to implement our new regulation later this summer, we will, of course, gain more insight into how best to improve the disability determination process.

With regard to your question about how long it has taken us to plan and implement the changes we have made so far, I first presented the basic concepts underlying the new disability determination process to Congress in September 2003. Over the last 2 years, we met with hundreds of interested parties and individuals during the development of the new regulation. The final regulation on DSI was published in March of this year.

Concerning our plans to make DSI available nationwide, we will roll out the process in a measured and careful manner. Gradual implementation will allow us to monitor the effects that our changes are having on the entire disability determination process, and lessons learned during the early stages of implementation will allow us to proceed in an increasingly efficient and effective manner in the later stages of implementation. Efforts are underway to be ready to implement DSI in the Boston region in August. We anticipate that nationwide implementation of DSI will take 5 years.

I want to stress that we could not make these changes without eDib, which replaces our old paper-based disability claims process and enables us to handle all new claims in an expedited manner. The electronic claims folder is being used in all 50 State Disability Determination Services (DDS), and over 90 percent of DDS staff currently adjudicate cases in an electronic environment. We are reaching the final stages of the national rollout of eDib that began in 2004, and by the end of this year I expect each of the DDSs and the Office of Disability Adjudication and Review (formerly our Office of Hearing and Appeals) to be using electronic folders for new disability claims on a regular basis throughout the country.

Question: The SSA is piloting a program in New York and New Jersey that uses an electronic asset verification system to help confirm that individuals who apply for SSI benefits are eligible. Under the pilot program, has the SSA detected cases that might have been overpaid without the verification system? How much in savings has been achieved so far under the pilot? Do you have plans to use the asset verification system nationwide, and if so, when?

Answer: We have been piloting a financial account verification system in field offices located in New York and New Jersey. Part of this pilot involved a comprehensive study to measure the value of such a system for SSI applicants as well as recipients already on the payment rolls. This study did identify a small percentage (about 5 percent) of applicants and recipients who were overpaid based on this financial account verification system that, without this system, would not have been detected. The average amount of overpayment for these overpaid study cases was

\$3,654. Therefore, for the 3,287 study cases only, we saved about \$805,000 in incorrect SSI payments. Although the percentage of incorrect payments detected through the financial account verification system is relatively small, if we project these results to the full population of SSI applicants/recipients, we believe significant program savings could be achieved.

We are continuing to analyze the study results with an eye to the potential return on investment that nationwide implementation might yield relative to our other stewardship activities.

Question: Please provide an update on the hiring of Administrative Law Judges (ALJs) since the *Azdell* litigation was resolved, your plans and timeframe for returning to a full corps of ALJs, the status of the registry of ALJ candidates maintained by the Office of Personnel Management, and the anticipated timeline for producing a new registry.

Answer: The U.S. Court of Appeals for the Federal Circuit issued a decision in favor of the Office of Personnel Management (OPM) on February 20, 2003. Since that time, we filled 102 ALJ positions in 2004, 98 in 2005, and I expect to hire 42 ALJs in 2006. I had planned to hire 100 ALJs this year, but because we received \$294 million less than the President requested, we revised our plans.

With regard to the new registry, on December 13, 2005, OPM published a Notice of Proposed Rulemaking (NPRM) to revise the ALJ program. The NPRM was open for public comment through February 13, 2006, and OPM tells us that the regulation will be final in about 3 months. We understand that the test will become available at that time, and OPM will administer the exam. Based on this information, we hope to have a new registry for ALJs by the end of this year.

Question: The SSA has reported that it will not be able to replace every employee who leaves the Agency this year due to budget constraints, and the President's FY 2007 budget request reflects a reduction of more than 2,500 workers. Given these limitations, how does the SSA intend to implement the new Federal Reviewing Official component of the Disability Service Improvement plan, including hiring and training the reviewing officials and their support staff, and providing for necessary infrastructure?

Answer: The central goal of the new disability determination process is to arrive at the correct decision on each claim as early in the process as possible. DSI replaces the current four-step adjudicative process (i.e., DDS initial decision, DDS reconsideration decision, ALJ hearing and Appeals Council review) with a new three-step process (i.e., DDS initial decision, Federal Reviewing Official decision and ALJ hearing) followed by a discretionary review by the Decision Review Board. During FY 2007, implementation of SSA's new DSI process for making disability determinations will take place only in the Boston Region.

Because initial disability claims in the Boston Region currently represent less than 4 percent of all initial disability claims filed in the Nation, the immediate staffing and support demands for the new Federal Reviewing Official component of the DSI process can be easily met without disrupting any ongoing operations of the Agency. It is anticipated that successful implementation of the DSI process will result in significant improvement in the timeliness of case decisionmaking, which will, in turn, allow sufficient resources now committed to the latter stages of the disability determination process to be shifted to support the expanded staffing earlier.

[Questions submitted by Representative Becerra to the Honorable Jo Anne B. Barnhart and her responses follow:]

Question: How many DAC Beneficiaries are there? Could you provide subtotals according to the basis of their entitlement—i.e. by a parent's retirement, disability or death? How many received SSI benefits prior to their DAC entitlement?

Answer: As of December 2005, the numbers of childhood disability beneficiaries (also commonly referred to as DAC beneficiaries) by basis of entitlement were:

Total	768,535
Retired worker	191,979
Deceased worker	507,961
Disabled worker	68,595

Using a 10 percent sample as of December 2005, we estimate that approximately 448,530 of these DAC beneficiaries received Supplemental Security Income (SSI) benefits prior to their DAC entitlement.

Question: How does SSA ensure that potential DAC Beneficiaries, their parents or other guardians—as well as community organizations and others who work with them—are aware of the availability of this benefit? Please describe all outreach and information activities conducted by SSA to alert potential beneficiaries, their parents or other representatives (e.g. guardians, representative payees or trustees), and community organizations who work with this population.

Answer: Social Security is very diligent in ensuring that claims technicians explore all possibilities for benefit entitlement. We ask on every claim (including all retirement, disability, lump sum death payment, and survivor claims) if there is any child over the age of 18 who has a disability that began before age 22 so that we can ensure that a Childhood Disability Benefit (CDB) claim is taken if appropriate. In addition, when a child attains age 18 in the Title XVI program, we redetermine the child's eligibility under the adult disability criteria. During these interviews, we also explore entitlement to other benefits to which the individual may be entitled, including entitlement to CDB.

We also provide speakers nationwide, through a network of local offices, to conduct seminars for disability organizations, support groups, hospitals, and social workers interested in educating their Members, their employees and their patients and families about Social Security's disability programs. Social Security employs 1,300 field office managers and almost 150 full-time public affairs specialists to educate Americans on Social Security programs. Each year, working in their local communities, these professionals deliver thousands of speeches, write numerous newspaper articles, and participate in countless radio and television interviews where they discuss all aspects of Social Security, including benefits provided through the program. Speakers can be requested either online at www.socialsecurity.gov/organizations or by contacting any local Social Security field office.

We participate in over 90 national conferences each year, providing attendees with information about the various programs administered by Social Security. This year Social Security will be attending over 50 conferences, at which we will be reaching out specifically to disability organizations and medical provider groups in an effort to educate and inform.

We actively partner with organizations, schools, and advocacy groups that work with the disabled community. We maintain these relationships by educating these various groups about our programs, including CDBs. As noted above, we do this by conducting seminars and workshops, writing articles for newsletters, and establishing partnerships. These partnerships allow us to spread the word about our disability programs and the work incentives for those already enrolled in our programs.

Additionally, we maintain informative pamphlets and brochures on our disability programs along with Medicare and Medicaid services. These are distributed to schools, centers for the developmentally disabled, and community centers, which are all places that disabled children and their families attend. We also maintain on our website extensive information on our programs and other help for students with disabilities. We are making changes to our website so that disabled adult children and the people who are helping them can more easily see that these benefits are potentially available to them. We created on the front page of our website a new link entitled "Adults disabled before age 22" and added a new page to the website discussing these benefits. We also have added a separate question about these benefits to our list of "frequently asked questions" about disability, which we also link to the new web page.

Question: When a worker applies for Social Security retirement or disability benefits, or a spouse applies for survivors benefits, does SSA probe for whether there might be a potentially eligible DAC beneficiary? If so, is this true for all application settings—field office, telephone, and online? If not, why not?

Answer: When a worker or a spouse applies for any type of Social Security benefit, the question about children with disabilities is investigated with every claim. This is true for all application settings, either in the field office, telephone, or online. In fact, the interviewer or person filing online cannot continue through the path of a claim without answering this essential question.

Question: When a disabled adult applies for SSI benefits, does SSA probe for whether he or she might be eligible for DAC benefits, either at that time or in the future? If the individual is not immediately eligible (because his or her parents are not retired, disabled, or deceased), is any kind of notation put on the file to flag for future DAC entitlement?

Answer: The SSI application is also an application for any Title II benefit to which the applicant is eligible, including CDBs. Existing procedure specifically instructs

SSI interviewers to investigate eligibility for such benefits. The SSI application also asks about other Members of the household. This gives the interviewer the opportunity to explore leads for other benefits that could be available. If future entitlement is indicated, the interviewer can annotate the remarks portion of the application. These questions concerning children and children with disabilities will be addressed, in the future, in the event that the parent files for retirement or disability benefits, or if the parent dies. If the disabled adult remains eligible for SSI benefits, we will check potential eligibility for CDB during each SSI redetermination.

Social Security is currently working on systems enhancements that would collect and store parental information for disabled adults who became disabled prior to age 22. Using this information, the system would periodically interface with the Master Beneficiary Record and Social Security's death records to determine if the SSI recipient is eligible for CDB on the parent's record.

Question: Can DAC benefits be applied for online? If not, please explain why.

Answer: Childhood disability benefits cannot be applied for online. At the present time our online services do not include filing for survivor's or auxiliary child's benefits. Any claimant seeking benefits on a worker's record must establish his/her relationship to the worker. For some categories of children, dependency on the worker must also be proven. Both can be very complex and sensitive. In an in-person setting, a trained adjudicator using targeted lead and appropriate follow-up questions and explanations can elicit the necessary information. In the Internet self-help arena, all related information would need to be elicited through detailed questions and associated help screens. Our experience suggests that adjudicator recontact would be necessary to confirm the child's relationship in many cases, thus detracting from the purpose of the online application. However, we continue to evaluate the feasibility for including these types of claims online.

It should be noted that the disability report form, which is a critical part of the CDB application process, can be completed online by the beneficiary, his or her representative, or an organization, to be accessed by the claims technician and included with the claim. This facilitates the claims process for these applicants.

Question: Has SSA undertaken any analysis aimed at determining whether all potentially eligible DAC beneficiaries are receiving benefits? If so, what are the results? If not, why not? Has SSA evaluated its outreach activities in order to assure that they are effective and that the DAC benefit is not underutilized? If so, are any additional steps planned to improve outreach?

Answer: Social Security is always looking to improve our processes and outreach to ensure that disabled individuals receive all the benefits to which they are entitled. In fact, we have done some analysis on cases where some potentially eligible disabled individuals might have been entitled to CDBs. We are currently reviewing these cases to ensure that CDBs will be paid to these individuals, as appropriate.

Social Security has always had a forward-thinking approach about outreach efforts and activities. All Social Security regions have public affairs specialists who conduct numerous outreach activities with organizations committed to helping the disabled community, including disabled children. We are continually monitoring and evaluating our outreach activities so that we are responsive to the needs of the communities within each servicing field office. Additionally, all of these specialists attend annual conferences that offer training on a variety of topics specifically geared toward ensuring that they are providing essential Social Security program information to all the key organizations in their communities.

Question: Could SSA and state-administered SSI supplementation programs provide written notices describing the DAC benefit, the grounds for eligibility and the application process to disabled minor and adult recipients of SSI and to appropriate third parties, such as parents, conservators, trustees and representative payees? Could such information be included with other notices or letters sent to disabled SSI recipients and their representatives? Based on your experience, would written notifications be an effective outreach tool?

Answer: We will explore the possibility of including information about CDBs in notices to SSI recipients and their representative payees. The target group would be individuals disabled prior to age 22 who remain unmarried.

However, currently during the SSI application and redetermination process, Social Security does ask questions to determine if eligibility for other benefits exists. We also provide a written referral (Social Security Administration Supplemental Secu-

rity Income Referral Notice for Social Security Benefits) when the SSI applicant is potentially eligible for Social Security benefits, including CDBs.

Additionally, we have numerous publications that provide information on all of our programs and their benefits. The 100-page booklet, "Understanding Supplemental Security Income," includes a chapter that provides information for SSI applicants, beneficiaries, and their representatives about potential eligibility for Social Security benefits, including CDBs. The booklet is published in English and Spanish and is provided to other agencies, community organizations, and Members of the public upon request. Social Security's publication, "Benefits for Children with Disabilities," is geared toward providing information to parents and care givers of individuals who have been disabled since childhood. It helps individuals decide if their child, or someone they know, may be eligible for Social Security or SSI. There are links to both publications on Social Security's Web site www.socialsecurity.gov.

[Submissions for the record follow:]

Statement of Witold Skwierczynski, American Federation of Government Employees, Social Security General Committee, and National Council of Social Security Administration Field

Operations Locals

Chairman McCrery, Ranking Member Levin, and members of the Social Security Subcommittee, I respectfully submit this statement regarding Social Security's Service Delivery Challenges that face the Social Security Administration. As a representative of AFGE Social Security General Committee and President of the National Council of SSA Field Operations Locals, I speak on behalf of approximately 50,000 Social Security Administration (SSA) employees in over 1500 facilities. These employees work in Field Offices, Offices of Hearings & Appeals, Program Service Centers, Teleservice Centers, Regional Offices of Quality Assurance, and other facilities throughout the country where retirement, survivor and disability benefit applications and appeal requests are received, processed, and reviewed.

SSA employees are dedicated to providing the highest quality of service to the public in a compassionate manner. AFGE represents employees who are committed to serving our communities in the face of a significant increase of work and decrease of staff. However, the severe cuts in budget and staff have had a detrimental effect on employee morale and, also, the ability for SSA to fulfill Congressional mandates.

Although SSA's workloads have increased by 12.6 percent over the last 5 years, and 2.7 percent in FY 05, Congress appropriated \$300 million less for SSA than proposed in the President's FY06 budget request. The result was a 2368 reduction in budgeted work years. While SSA's proposed budget requests have compared favorably compared to many other agencies, AFGE is concerned that the recent budget cuts may result in dangerous levels of inadequate service to the public and stewardship of the programs under SSA's jurisdiction.

In February 2006, SSA informed AFGE that the budget cuts would be absorbed in staffing resources. Additionally, Commissioner Barnhart imposed a hiring reduction wherein the Agency will replace only 1 of 3 employees engaged in direct public service who leave SSA. In recent weeks, AFGE has received reports that the replacement ratio for employees in field offices may have dropped to one hire for every 8 employees who leave the Agency. (SSA has failed to communicate this staffing replacement decision to the Union.)

AFGE is very disturbed by the reports we have received of the public's inability to access SSA's 800 number. AFGE has requested documentation of the SSA 800 number's lost call and waiting time rates. However, those reports are not being made available to the Union. AFGE has received reports that many field offices around the country have, also experienced a substantial increase in interviews. It has been reported that in some locations there are lines of 100-200 people that wait all day and some never even get inside of the Social Security office. The waiting process begins again the next day in these locations. It is disturbing that the public's waiting times in these offices can be measured in days, rather than minutes or hours. However, SSA officials will not take appropriate action to verify the actual time the public waits to get into the office. SSA waiting times are measured only after the public enters the office and registers through the Visitor Intake Process. Additionally, we are told that SSA officials are not taking appropriate action to protect the filing dates of potential applicant's who cannot attain access to the office or speak to an SSA employee because of these long lines. These actions may result in a loss of benefits for the potential applicant.

SSA Workloads

In FY 2006, SSA workers will process approximately:

- 6.5 million claims for benefits;
- 528,000 Medicare Part D low income subsidy applications;
- 560,000 hearings;
- 18 million new and replacement Social Security cards;
- 261 million earnings items for workers' earnings records;
- 58 million transactions through SSA's 800-number;
- 42 million visitors to our field offices;
- 1.2 million continuing disability reviews (CDR);
- 1.2 million non-disability Supplemental Security Income (SSI) re-determinations.

These workloads total more than 346.5 million actions processed by SSA employees.

Continuing Disability Reviews (CDRs)

SSA must consistently and accurately evaluate initial and ongoing eligibility for beneficiaries with disabilities. CDRs are a cost-effective program integrity workload, which saves \$10 in program benefits for every \$1 spent in administering them. However, the Subcommittee heard Commissioner Barnhart testify that SSA will perform fewer CDRs in FY 2006. Because of the budget cuts, she imposed a moratorium on CDR production in February 2006.

Commissioner Barnhart has also stated to the Subcommittee that an increase in the number of CDRs conducted in FY 2007 will result in greater program savings. AFGE believes that unless Congress significantly increases the appropriations to SSA for administrative expenses beyond the President's request, there will be insufficient staff to process the CDR workload. President Bush proposed deeper cuts of 2412 work years in the FY 07 budget. AFGE believes CDRs will continue to backlog. This will ultimately affect the integrity of SSA's disability programs as many beneficiaries will continue to receive Social Security and Supplemental Security Income (SSI) disability benefits although they are no longer qualified for such benefits. The CDR moratorium will result in additional overpayments and unnecessary trust fund expenditures. Much of these improper payments will never be recovered by the Agency.

Supplemental Security Income

SSA has a continuing responsibility to periodically review SSI eligibility. It also has responsibility to recover SSI overpayments, to combat fraud, and to develop and carry out program management policies. In February 2006, Commissioner Barnhart placed caps on the total number of redeterminations that could be processed in FY 06, resulting in a virtual shutdown of redetermination production. Redeterminations save the Agency an average of \$10 per \$1 of expenditure. Again, Commissioner Barnhart blamed budget cuts by Congress for her decision to limit SSI redeterminations in FY06. Without these ongoing reviews of SSI benefits, SSA's ability to improve and maintain the integrity of the SSI program is severely compromised and recipients will experience both significant overpayments and underpayments.

Statistical Manipulation

Despite severe budgetary constraints, the Commissioner instituted a policy change in 2004 which directed SSA employees to take and process disability claims from individuals who were clearly not eligible for benefits. This policy requires SSA Claims Representatives to take and process concurrent Title II (SSA) and Title XVI (SSI) claims whenever anyone filed for disability benefits. Interviewers can usually determine through questioning potential eligibility for benefits. If they can't, or if dual eligibility appears possible, SSA employees have always been trained to take and process concurrent SSA-SSI claims. However, requiring such claims in every situation results in an enormous amount of unnecessary work. Claims for individuals who are obviously ineligible for either Title II or Title XVI disability benefits are taken as "technical denials" which can be processed in a few days. Many claimants object to filing both applications. Interviewers are told to take these claims anyway.

SSA states that instructions to take concurrent Title II and Title XVI applications for every disability claimant are intended to prevent a recurrence of the Special Title II Disability Workload fiasco wherein approximately ½ million Title XVI recipients are owed billions of dollars in retroactive Title II benefits. However, this injustice occurred due to gross program mismanagement. SSA, despite knowledge of the problem, refuses to take the necessary action to both program the computer system

and also emphasize processing of systems alerts which indicate Title II eligibility. In fact, SSA appears to have little actual concern for the 500,000 SSI recipients who appear eligible for retroactive Title II benefits. Plans to clear up this work backlog are projected to be completed well into the next decade. Congress should certainly demand that this outrageous situation be rectified immediately; otherwise, many of these destitute SSI beneficiaries will die prior to receiving their retroactive benefits.

Special Title II workloads are low on SSA's priority list. Instead, the Union feels that the real purpose of wasting government resources to process unnecessary disability claims is to create a false picture of the health of the Agency. SSA achieves a substantial reduction in processing time by adding the short processing time of technical denials to the processing time of claims that require a disability decision. Thus, SSA can report to Congress that processing time for disability cases is 93 days. This appears to be an improvement over the 120 day processing time of 5 years ago. However, the real time for processing legitimate disability claims is much higher. Congress should demand an end to this practice and that the Agency provide separate statistical reports regarding processing time for claims that require a disability decision vs claims that don't (i.e., technical denials).

SSA argues that technological improvements such as the Electronic Disability Claims System (EDCS) have reduced processing time. SSA's budget request contains millions of dollars for technological improvements which arguably result in better service. However, the statistics are unreliable. Congress must demand accountability. Processing time must reflect the actual time it takes to process "real" disability claims. When resources are limited, how can we afford to do unnecessary work?

Another problem that is of concern regarding taking claims from obviously ineligible claimants is the excessively intrusive information that the government is gathering from its citizens and maintaining on databases. Why should someone who files for SSA disability benefits supply information to the government regarding their income, resources, assets, etc, that are determining factors for Title XVI entitlement, when this person is clearly ineligible? Such an invasion of privacy is unwarranted and not in the public interest.

Also, how can Commissioner Barnhart place a moratorium on CDRs and redeterminations when the Agency is demanding that its employees process thousands of unnecessary claims? This is an outrageous waste of government resources and should be investigated by Congress.

New Medicare Workloads

Although SSA has experienced staff cuts for FY06 and is projected to experience additional cuts in FY 07 of 2412 work years based on the President's proposed budget, SSA workers have been given additional responsibilities under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). SSA's 2005 budget provided for a modest increase in staffing levels to prepare for the implementation of Medicare Part D. Unfortunately while Congress appropriated some staff for Medicare Part D, SSA total work years were reduced in FY06. The end result was more work and less staff and overtime—not a recipe for success.

AFGE has received reports that the ongoing confusion and communication problems experienced by the public have had a significant adverse impact on both SSA's 800 number and field offices interview waiting times.

SSA workers have reported the public's complaints of not being able to access our 800 number due to constant busy signals. Once access is gained, long waits in queue occur. SSA workers reported that the public had the misperception that SSA administers Medicare Part D. This resulted in great frustration when SSA workers properly referred calls to the Center for Medicare and Medicaid Services (CMS). SSA field office employees reported a heavy overflow of callers and visitors seeking advice due to their failure to understand the complexities of Medicare Part D. To date SSA workers have processed nearly 4 million subsidy application for Medicare Part D. AFGE applauds the professionalism and patience of the 800 number agents and field office employees who struggled to provide quality service under the stressful environment of these circumstances. Unfortunately, the Commissioner did not make an effective case for more staff to process this new workload. Instead 800# workers experienced severe leave restrictions and increased scrutiny of their work performance. Punishing overworked employees for the Agency's failure to obtain sufficient resources is a misguided approach.

Although the initial enrollment period has elapsed, the impact of the MMA will continue to put a drain on SSA resources. The MMA requires redeterminations of Medicare Part D subsidy applications. AFGE understands those redeterminations should begin in FY06. Yet, Commissioner Barnhart has suspended processing of the SSI scheduled redeterminations for FY06 and possibly FY07 because of cuts to

SSA's budgets. AFGE seriously doubts that SSA will be able to initiate Medicare Part D redeterminations in FY06.

Congress should be very concerned about the integrity compromises that this will present for this program. Without a major increase of staffing, Medicare Part D may become one of the many SSA programs where integrity takes a back seat to expediency.

As Commissioner Barnhart has testified, SSA will face new Medicare challenges at the beginning of FY 2007. Section 811 of the MMA establishes a new Medicare Part B tax for those with higher incomes.

Beginning in January 2007, the federal Part B tax will be increased so that beneficiaries with higher incomes pay higher Part B premiums. This will affect beneficiaries who have income of more than \$80,000 if they are single and more than \$160,000 for married couples. MMA requires SSA to use IRS data to determine who is affected and the amount of the additional premium they will have to pay.

Unfortunately, the IRS data that SSA will receive will be 2 to 3 years old. This will provide good cause for many Medicare beneficiaries to provide more recent tax return data to determine the correct premium. MMA allows beneficiaries to request corrected premiums when they have a life-changing event that significantly reduces their income or to provide corrected or amended tax returns.

The implementation of Medicare Part B will certainly cause an increase of calls and visits to SSA offices. Congress provided no additional staff for SSA to process this new Medicare Part B workload. In fact, the President's FY 07 proposed budget cuts work years. The Agency projects up to 5 million Medicare Part B beneficiaries who may be impacted by the increased Medicare tax. Many will appeal their tax determinations since their incomes have changed in the last 2 or 3 years. This means lengthy interviews and more work with less staff.

AFGE is very concerned with the Administration's communication plan regarding Medicare Part B. The Federal Register notice is not a document that is well read by the general public. The Federal Register should not be the public's first *and* only notice of such changes that affect the cost of medical insurance.

SSA should engage in a well publicized communication campaign to inform the public of these changes. Without such a campaign, the first official and personal notice that the beneficiaries receive in November may cause an unnecessary influx in calls and visits to Social Security offices that have limited resources. Commissioner Barnhart severely limited Christmas and holiday leave for 800 number workers last year because of the implementation of Medicare Part D. This may have been avoided if an in-depth public relations campaign had been accomplished prior to implementation. SSA has already notified teleservice center employees of their intentions to limit 800 number workers' Christmas and holiday leave to just 10% of the workforce again this year. This is unfair and unjust treatment of the more than 7000 employees who answer 800# calls who are being made to pay the price for Agency's lack of preparation.

The Commissioner has testified that the impact of calls relating to Medicare Part B is foreseeable. However, she has not offered a public education plan to diminish the need to call or visit an SSA office. AFGE strongly urges Congress to demand such a plan from the Commissioner. Both the public and SSA workers deserve efforts to reduce the impact of this event.

Legislative Mandates

The implementation of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) required SSA to verify all original Social Security number requests. Since implementation of this legislation in December 2005, the impact of this legislation on SSA's operations and resources has been significant, resulting in increased:

- number of visits to Social Security field offices;
- SSA contacts with State and Local vital record custodians;
- costs to verify and purchase necessary vital records;
- length of the Social Security number process

The implementation of IRTPA did not involve a public relations campaign to educate the public on the new identity requirements for Social Security numbers. The lack of public education created chaos and frustration for the public. SSA estimates that over 1/3 of the interviews regarding Social Security Number issues were repeat interviews. The lack of coordination with the State and local vital record custodians has caused more work time to resolve problems and complete processing the Social Security number requests.

Unfortunately, Congress did not provide additional funding to SSA to implement the IRTPA. This has caused an added hardship on a workforce that has many other workloads.

Commissioner Barnhart's Disability Initiative

AFGE continues to be very concerned about the Commissioner's plans to move forward with her disability initiative.

Currently 55 million Americans have a disability, of which 8.3 million Americans and their families receive Social Security Disability Insurance (SSDI) (17.1% of all Social Security benefits are paid to disabled beneficiaries and their families.) Some disabilities are long term (e.g., broken back) while others are permanent (e.g., blindness, quadriplegia).

As explained previously, real processing time for initial disability claims that require a disability decision is unknown. However, processing time for hearings appeals has dramatically increased. Prior administrations attempted to develop different methods to streamline the disability determination process. Some pilot projects, such as the Disability Claims Manager, were considered to be successful (i.e., resulted in applicants receiving benefits twice as fast) and were overwhelmingly supported by the public. However, Commissioner Barnhart refused to implement those pilots and instead developed a new, untested approach to alter the process. It is the Union's belief that the Commissioner's approach will do little to get benefits to the disabled applicant faster or improve service. The commissioner's plan eliminates one appeal step and implements new legal barriers to obtaining benefits:

- The rules provide for the establishment of a Quick Claims Unit for claims filed by individuals who have obvious disabilities. Claims that are sent to this unit are targeted to have a completed disability decision within 20 days. The union favors the establishment of such a unit. The union opposes placement of the unit in the State Disability Determination Service (DDS). This is an unnecessary handoff. Employees who work in SSA field offices are entirely capable of being trained to make such disability determinations. The DCM pilot proved that fact. SSA public surveys indicate that there is overwhelming desire from the public that disability decisions be made by the person who interviews them. The Quick Decision Units provide the Agency with an opportunity to streamline the process by eliminating a handoff and, at the same time, satisfy the public desire for a caseworker to be empowered to decide both the disability and non-disability portions of their claim. Allowing federal employees in field offices to make disability decisions would require Congress to change the exclusivity portions of the law that currently reserve such decisions to the state. It is time for Congress to enact such a change in the law and improve public service.
- In place of the current Reconsideration process, attorneys (Federal Reviewing Officials) will review cases and write a "legal decision" that will serve as the SSA's legal position on the case. In spite of the Commissioner's hiring freeze for direct service positions and her claim of budget shortages, an army of attorneys are being hired as this statement is written. The trust fund (SSA) and general revenue (SSI) impact of eliminating reconsiderations and replacing them with a reviewing official review is unknown. Failure to pilot this change is risky and reckless. Substantial deviation from the current disability approval rates could lead to unwarranted expenditures or, conversely, more stringent policy decisions regarding the definition of a disability.
- The Administrative Law Judge (ALJ) will now be limited in what he/she can consider as evidence from the claimant as all medical evidence must be presented five days prior to the hearing. The ALJ is limited in what he/she can consider good cause for late medical evidence notwithstanding its relevance. Prior to the Commissioner's new approach, the ALJ was allowed total discretion to accept and evaluate evidence. Under the new rules the ALJ's written decision must explain in detail why he/she agrees or disagrees with the substantive findings and overall rationale of the Federal Reviewing Official's legal decision. The ALJ must rebut SSA's legal decision if benefits are to be awarded to a claimant. One can anticipate that hearing reversal rates will decrease due to the pressure on the ALJ to uphold the Reviewing Official decision.
- The disability application or "record" will be closed effective with the ALJ's decision, prohibiting U.S. District Courts from accepting or considering relevant and material evidence that might prove that the claimant is disabled. This likely will result in thousands of new disability claims each year in the form of re-applications. This subtle bureaucratic change realistically could result in the loss of significant retroactive benefits for those who refile with evidence of disability with an onset date within the scope of the previous application. There is no reason to close the record at any time other than to reduce the ability of

claimants to present relevant evidence to support their claim. This will surely lead to decisions to deny benefits to claimants who are disabled under the law. Some of the adverse affects of this new closing of the record regulations are:

- Loss of complete or partial coverage for Social Security Disability Insurance
- Loss of coverage for Medicare benefits entirely
- Loss of retroactive Medicaid and Medicare coverage for a period of time covered by current rules (from the date the claim was initially filed to the date of the subsequent application).

Such uncertainty regarding a key element of this change in the appellate process causes the Union to strongly suggest piloting any of these changes. Commissioner Barnhart has rejected pilots. Besides piloting the Reviewing Official step replacing the reconsideration, the Union feels that the Agency should pilot the decision to require that the reviewing official be an attorney. This decision ignores the fact that there are many highly qualified non-attorney employees in both SSA and the DDS's who are fully capable of deciding disability appeals and writing logical decisions. The Commissioner both insults the current workforce and creates difficult legal barriers for claimants to overcome in appeals. In an attorney dominated process (i.e., Reviewing Official and ALJ) claimants will almost be required to hire an attorney to manage their appeals at the earliest level. This adds an element of litigation that does not currently exist in the reconsideration appeal.

The Commissioner will replace the Appeals Council Review with a Decision Review Board (DRB). The DRB will be appointed by the Commissioner to review and correct ALJ decisions including approved claims. The DRB will not review decisions by state officials (DDSs) or federal Reviewing Officials (FRO). This will prevent processing payment of an approved claim and will render the ALJ's decision as not final. The process by which cases will be selected for review will be entirely at the DRB discretion and will provide the DRB with carte blanche authority to pick cases in a non-random manner. Such unregulated authority is an invitation for abuse

The Appeals Council currently either reverses or remands 30% of claims that they review.

Eliminating an appeal where such a large number of cases are either reversed or where all the evidence was not properly assessed insures that many claimants will be denied benefits that would be approved under the current system. Is this the desire of Congress? Does Congress really want to scale back the SSA disability program so that claimants approved under the current system are now denied benefits?

- A claimant's last appeal, U.S. District Court, requires legal representation. This will severely disadvantage claimants who lack the financial resources to either hire an attorney or travel to District Court. Additionally, the U.S. District Court system which is already overwhelmed is not prepared to absorb this influx of additional cases.

Commissioner Barnhart's new approach fails to address the problems and inadequacies of the State Disability Determination Services (DDS), which is responsible for the initial disability decision in all claims.

There is no consistency in State DDS disability determinations. The taxpayer's chances of being approved for disability benefits continue to depend more on where they live and their income.

For example, State Agency Operations records indicate that those who can obtain medical attention early and often have a better chance of being approved for benefits than those who have a limited income or resources. (See Chart Below) Nationwide, those applying for Social Security disability have a much greater chance of being approved than those who may only apply for the Supplement Security Income (SSI) program. State Agency records clearly expose the inconsistencies of the State DDS decisions.

More than 66 percent of Social Security disability claims for benefits are approved in the Washington DC DDS, while only less than 28 percent of those who file for benefits are approved in the South Carolina DDS. Of those who applied for SSI benefits, the State of New Hampshire leads with more than a 59 percent allowance rate. However, residents from the States of Michigan, Ohio, Iowa and Georgia are approved less than 35 % of the time by their respective DDS. The concurrent disability process shows inexplicable variable allowance rates depending on the state of residence. Allowance rates are low in every state. The states of New Hampshire, Arizona and the District of Columbia approve more than 43 percent of the concurrent claims. Less than 18 percent of those filing concurrent disability claims are approved in Iowa, Missouri, and South Carolina.

As an illustration, following is a compilation of the allowance rates in a sample of states:

	T2 Initial		T16 Initial		Concurrent Initial	
	Allow	Deny	Allow	Deny	Allow	Deny
NATIONAL AVERAGE	44.2	55.8	36.4	63.6	25.3	74.7
BOSTON Region	53.7	46.3	43.6	56.4	33	68
Boston, MA	56.9	43.1	48.7	51.3	36.6	63.4
New Hampshire	63.8	36.2	59.2	40.8	48.2	51.8
Connecticut	47.3	52.7	34.3	66.7	23.5	76.5
New York Region	51.4	48.6	42.8	57.2	33	67
Buffalo, NY	47	53	33.8	66.2	23	77
Newark, NJ	60.8	39.6	42.1	57.9	34.9	65.1
Puerto Rico	34.2	65.8	—	—	—	—
Philadelphia Region	51.7	48.3	40.3	59.7	28.9	71.1
Maryland	49.9	50.1	35.4	64.6	24.9	75.1
PA	53.3	46.7	41.8	58.2	28.1	71.9
VA, DC	66.1	33.9	54.8	45.2	45.5	54.5
Atlanta Region	34.9	65.1	30.1	69.9	21.2	78.8
Georgia	30.3	69.7	27.1	72.9	19.1	80.9
Kentucky	39.4	60.6	33.3	66.7	21.1	78.9
Birmingham	38.4	61.6	27.5	72.5	20.7	79.3
Florida	38.5	61.5	35.5	64.5	26.4	73.6
Miami	43.7	56.3	44.8	55.2	35.6	64.4
S. Carolina	28.2	71.8	26	74	17.7	82.3
Chicago Region	41.9	58.1	30.8	69.2	21.4	78.6
Illinois	43.8	56.2	30.4	69.6	23.9	76.1
Michigan	39.3	60.7	29.9	70.1	19.7	80.3
Detroit	32	68	26.4	73.6	16.5	83.5
Ohio	39.4	60.6	27.1	72.9	19.1	80.9
Wisconsin	46.9	53.1	34	66	21.4	78.6
Dallas Region	44.2	55.8	39.2	60.8	28.2	71.8
Texas	42.7	57.3	41.6	58.4	28.6	71.4
New Mexico	47	53	44.8	55.2	31.2	68.8
Oklahoma	43.1	56.7	36.8	63.2	24.4	75.6
Shreveport	53.8	46.2	37.3	62.7	35.3	64.7

	T2 Initial		T16 Initial		Concurrent Initial	
	Allow	Deny	Allow	Deny	Allow	Deny
Kansas City Region	43.6	56.4	30.5	69.5	17.9	82.1
Missouri	42.9	57.1	29.8	70.2	17.4	82.6
Iowa	45.5	54.5	32.3	67.7	16.4	83.6
Denver Region	38.5	61.5	39.1	60.9	21.5	78.5
Colorado	35	65	38.6	61.4	20.5	79.5
N. Dakota	51.2	48.8	39.6	60.4	28.1	71.9
S. Dakota	45.4	54.6	34.9	65.1	18.9	81.1
San Francisco Region	50.9	49.1	44.4	55.6	32.4	67.4
Arizona	59.3	40.7	51.8	48.2	43.3	56.7
California	50.8	49.2	43.9	56.1	31.8	68.2
Bay Area	60.6	39.4	52.5	47.5	36.6	63.4
L. A. East	49.4	50.6	49.8	50.2	37.4	92.5
L. A. West	54.4	45.6	49.6	50.4	34.5	65.5
Central Valley	48.1	51.9	39.3	60.7	28.2	71.8
Sacramento	54	46	38	62	29.7	70.3
Seattle Region	43.1	56.9	41.3	58.7	24.3	75.7
Oregon	35.4	64.6	34.7	65.3	18.8	81.2
Seattle	45.4	54.6	45.4	54.6	27.1	72.9

In a system where everyone is taxed equally, this is difficult to explain or justify. Claimants are entitled to quality consistent decisions not withstanding their state of residence or whether they are filing for Social Security or SSI disability benefits.

According to GAO,¹ a majority of DDSs do not conduct long-term, comprehensive workforce planning, which should include key strategies for recruiting, retaining, training and otherwise developing a workforce capable of meeting long term goals. The State DDS' lack uniform minimum qualifications for examiners, have high turnover rates for employees and do not provide ongoing training for examiners. This seems to be mostly attributed to State employee pay and benefit scales and budget constraints.

AFGE is convinced that SSA is not able to correct these problems. AFGE has expressed these very concerns to the Subcommittee for several years and has seen little improvement with the State DDS situation.

AFGE has recently become aware of the preliminary Systems Impact Assessment of SSA program modifications needed to accommodate the new disability determination process. The modifications considered necessary will be massive, leaving few programs untouched. Some of the systems changes may or may not require outside contractors; the changes will involve modifications to State DDS systems, which will have to be coordinated; SSA firewalls will require safeguarding; all software written for such modifications will require approval and such approval from the Architectural Review Board is not certain; and programs should require extensive testing before use.

AFGE finds the extent of these required modifications to be alarming. Is it reasonable, to begin implementation in the Boston Region before such systems changes can be made? SSA's budgets for FY06 and FY07 do not provide the money that will

¹GAO-04-121

be needed to accomplish the systems changes necessary. Where do the resources come from to make these changes?

With staffing cuts and heavy workloads that continue to rise, is it reasonable to use resources for an untested, unpiloted theory, rather than to provide staffing on the front lines to improve public service? AFGE believes the answer is clearly NO.

Commissioner Barnhart's approach fails to implement new communication or adjudicative techniques either that improve service to the disabled claimant or result in a more accurate or expeditious decision. More importantly, these changes will not protect the rights and interests of people with disabilities.

The record should be clarified with regards to Commissioner Barnhart's statement that she met with the organizations that represent SSA employees. She did. She held one meeting with all 6 SSA council presidents for the purpose of introducing her plan. That was 3 years ago. Ms. Barnhart was not receptive to our constructive criticisms. The leadership of six bargaining councils has more than 150 years of specialized experience with SSA and represents 50,000 bargaining unit employees. She refused to include experienced bargaining unit employees in strategy sessions or workgroups that helped design the new plan. The Union rejected this plan and Ms. Barnhart has since refused to meet and/or discuss any subject matter with AFGE. Ms. Barnhart does not have the support or the buy-in of SSA workers. In fact, SSA employees overwhelmingly oppose this disability plan.

Effects on SSA Workers

The constant pressure to accomplish workloads with inadequate staff has taken its toll on the employee morale at SSA. AFGE is very concerned about the stressful working conditions of SSA employees and the long term effects of such conditions on employee health.

SSA employees have always risen to the challenge of meeting the public service needs, and processing escalating workloads timely. SSA workers understand that budget shortages are often not under the control of their managers.

AFGE believes the plummeting employee morale at SSA is caused by issues that are in the control of the Commissioner. Such issues include:

- Implementation of unannounced service observations of 800 number personnel, which would automatically elevate stress factors on the job, adding additional pressure when understaffing is a known problem.
- Implementation of leave restrictions and/or limitations for vacations and holidays.
- Numeric Performance goals which require 800# operators to be "plugged in" for certain minimum periods and require employees to interview a minimum number of claimants per day.
- Recent changes in the labor contract demanded by the Commissioner, which require employees to do SSA work instead of care for emergency situations in their families such as unforeseen child care emergencies.
- Refusal to meet with employee's union representatives to discuss and resolve issues.
- Disempowering employees by not soliciting their ideas when considering and implementing new programs (i.e., Disability Initiative, Medicare Part D) and eliminating prior employee involvement in the awards and merit promotion process.

At a time when SSA employees should be encouraged because of huge public demands and when employees have largely met these demands, the Commissioner has chosen to take a hard line, punitive approach with employees.

SSA has also informed AFGE of its intention to implement a new performance appraisal system in October 2006. This will be a 3 tiered performance system, similar to a performance system SSA used many years ago. Like the former tiered appraisal system, this will be a huge drain on management resources. The current appraisal system has resulted in increased productivity, high levels of accuracy, low Agency administrative overhead expenses and widespread public satisfaction. SSA wants to change the appraisal system to one which emphasizes statistical performance, competition and, inevitably, manipulation of data. Why SSA wants to create an adversarial environment at the worksite is a mystery to many.

SSA may argue that the union agreed to a new appraisal system in contract negotiations. The truth is that the nature of the appraisal system is largely a management right which SSA made quite clear during negotiations. The bottom line is that despite the budget squeeze, SSA employees have come through in the clutch for the Agency and for America. Why create a different system which will cause work place conflict rather than cooperation? Congress should ask the Commissioner to reconsider this appraisal system which will result in great turmoil at the job site.

In Conclusion

There will always be budget priorities. However, both workers and employers contribute to the Social Security system and are entitled to receive high quality service. It is entirely appropriate that spending for the administration of SSA programs be set at a level that fits the needs of Social Security's contributors and beneficiaries, rather than an arbitrary level that fits within the current political process.

In 2000, then Chairman Shaw and Rep. Benjamin Cardin reintroduced the Social Security Preparedness Act of 2000 (formerly H.R. 5447), a bipartisan bill to prepare Social Security for the retiring baby boomers. AFGE strongly encourages this Subcommittee to reconsider introducing legislation that will provide SSA with the appropriate funding level to process *all* claims and *all* post-entitlement workloads timely.

Taking SSA's administrative expenses "off-budget" has vast support, not only from AFGE and SSA workers, but from senior and disability advocacy organizations. This would include AARP, the National Committee to Preserve Social Security and Medicare, the Alliance for Retired Americans, the Consortium for Citizens with Disabilities, and the Social Security Disability Coalition, just to name a few.

AFGE believes that by taking these costs OFF-BUDGET with the rest of the Social Security program, Social Security funds will be protected for the future and allow for new legislation, such as the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and the Intelligence Reform and Terrorism Prevention Act of 2004 to be implemented without comprising public service integrity. We believe this can be accomplished with strict congressional oversight to ensure the administrative resources are being spent efficiently.

AFGE is committed to serve, as we always have in the past, as not only the employees' advocate, but also as a watchdog for clients, for taxpayers, and for their elected representatives.

Statement of Consortium for Citizens with Disabilities Social Security Task Force

This statement for the record is submitted by Ethel Zelenske on behalf of the Consortium for Citizens with Disabilities Social Security Task Force. CCD is a working coalition of national consumer, advocacy, provider and professional organizations working together with, and on behalf of, the 54 million children and adults with disabilities and their families in the United States. The CCD Social Security Task Force focuses on disability policy issues in the Title II disability program and in the Title XVI Supplemental Security Income (SSI) program.

The topic of this hearing is especially important to people with disabilities who rely upon the Social Security Administration: to adjudicate completely and fairly their applications for disability benefits; for payment of their monthly Social Security and Supplemental Security Income benefits; to withhold their Medicare Part B and Part D premiums from their benefits; to determine their eligibility for Part D drug subsidies, also known as "extra help;" and to make accurate and timely determinations on post-entitlement issues that may arise in their cases. Like millions of others across the nation, people with disabilities count upon SSA to issue Social Security numbers for their newborn children, to issue replacement SSN cards when needed, to record and maintain their earnings records, to correctly answer their questions when they call the "800" number, and to meet with them when they visit one of the approximately 1,300 SSA field offices with questions or reports.

This statement addresses four key points related to SSA's administrative challenges.

First, SSA is doing a good job with limited resources. There is much that remains to be done and some workloads that need more attention, but Commissioner Barnhart has made great strides in improving the agency's technological capacity in ways that will help it accomplish its work. We are concerned, however, that SSA does not have adequate funds for the current fiscal year and will not have sufficient funding under its proposed budget for fiscal year 2007. SSA's budget materials for FY 2007 indicate that at the funding levels being requested, the recent progress will not be able to be sustained.

Second, we believe that SSA needs more funding to provide the level of post-entitlement work that is required in both the Social Security and SSI programs. By "post-entitlement" work, we mean the contacts that SSA has (or should have) with a beneficiary once the person begins to receive Social Security or SSI benefits.

Third, we are concerned that SSA have sufficient funds to maintain the level of continuing disability reviews (CDRs) that it should be doing in Social Security and SSI disability cases. These reviews are essential to maintaining the integrity of the disability determination process.

Fourth, without additional resources, SSA is not going to be able to keep up with the technological challenges it faces. SSA's future success may be threatened by Congressional interest in adding to its workload, especially in verifying employee SSNs and immigration status, unless SSA is provided with adequate additional resources to address the new workloads over the long term. Further, Congress should try to identify a way to ensure that SSA's budget is not reduced arbitrarily through across-the-board cuts or affected in ways that compromise the service that SSA provides, as a result of pressure from very tight ceilings on total discretionary funding. The remainder of this statement discusses these points in greater detail.

I. SSA is doing a good job with limited resources. But there is much that still needs to be done, and SSA will not be able to sustain recent progress as the funding levels that have been requested.

Overall, SSA currently is a well-managed agency. Commissioner Barnhart has taken numerous steps to improve SSA's technology and procedures so the agency is better able to accomplish its missions. However, we are concerned that SSA does not have adequate resources to meet all of its current responsibilities, including some of importance to people with disabilities.

Of greatest concern, even with the increase that SSA seeks for FY 2007, SSA will need to reduce its staff. SSA is seeking \$387 million more for fiscal year 2007 than it has received for fiscal year 2006, but this figure will not even leave the agency staffing whole. This budget request will result in a loss of 2,545 full-time staff positions/work years.¹ This is a result of increased costs for salaries and benefits for existing staff. As a result, we believe SSA needs more funds than it is seeking.

These staffing reductions may translate into SSA being less able to do post-entitlement work and not being able to reduce the backlogs in the administrative appeals process. Both of those tasks require sufficient commitments of staff time. Without adequate staffing, these are areas of work that tend to stagnate quickly, resulting in increased backlogs or, with post-entitlement work, cases being ignored.

SSA's progress in reducing delays related to administrative appeals is projected to slow down—actually to worsen in some cases—in fiscal year 2006. For example, in fiscal year 2005, SSA's average processing time for initial disability claims was 93 days. SSA had proposed to reduce that figure to 91 days in the President's fiscal year 2006 budget, but with its enacted fiscal year 2006 appropriation, SSA expects only to maintain, not reduce, this processing time—keeping it at 93 days. Further, SSA is not proposing to reduce this figure in fiscal year 2007, when it will again be 93 days.

More troubling, the average processing time for hearing decisions at the Administrative Law Judge level was 415 days in fiscal year 2005. That is far too long. Yet, in fiscal year 2006, SSA expects that the average time frame will *climb* to 467 days, an additional 52 days.² SSA expects this to be the average figure in fiscal year 2007 as well. While this will include processing an additional 17,000 hearing decisions in fiscal year 2007, SSA should be provided sufficient funds to reduce the delays while also processing more decisions.³ This suggests that SSA is not asking for sufficient funds in its overall Limitation on Administrative Expenses (LAE) request to reduce these delays.

II. SSA does not have the resources it needs to fully address its post-entitlement workloads.

Not surprisingly, with millions of new applications each year, SSA emphasizes the importance of processing applications, determining eligibility, and providing benefits. Once a person begins to receive monthly benefits, there are many reasons why

¹ See *FY 2007 President's Budget, February 6, 2006, Congressional Briefings (hereinafter, "SSA FY 2007 Congressional Briefings,"* page 11, "SSA's FY 2007 Administrative Budget: Full-Time Equivalents and Workyears." The chart provides the following information:

	2006	2007	+/-
estimate			
estimate			
SSA FTEs (including OIG)	63,998	62,036	-1,962
SSA overtime and lump sum leave	2,398	1,948	-450
DDS Workyears	14,398	14,265	-133
Total SSA/DDS Workyears	80,794	78,249	-2,545

² SSA, *SSA FY 2007 Congressional Briefings*, pages 8 and 14.

³ SSA processed 519,000 cases at the appeals level through ALJ decision in fiscal year 2005 and expects to process 560,000 cases through the ALJ decision in fiscal year 2006 and 577,000 cases through the ALJ decision in fiscal year 2007. *Id.*, pp. 9 and 15.

SSA may need to respond to contacts from the person or to initiate a contact. This is known as “post-entitlement work” and generally does not receive the priority it should. All too often, when SSA is short on staff and local offices are overwhelmed by incoming applications and inquiries, they are less attentive to post-entitlement issues. For people with disabilities, this can discourage efforts to return to work, undermining an important national goal of assisting people with disabilities to secure and maintain employment. Also, the lack of resources results in diminished accessibility to the process for people with disabilities. For example, one ongoing problem has been the lack of communications in accessible formats for recipients who are blind or visually impaired or deaf-blind.

One example of post-entitlement work that has fallen by the wayside in the past is the processing of earnings reports filed by people with disabilities. For many years, beneficiaries of Social Security or SSI disability payments who wish to return to work have found that they can end up owing SSA substantial sums as a result of overpayments for which they were not at fault. Typically, this has happened when the individual calls SSA and reports work and earnings or brings the information into an SSA field office, but SSA fails to input the information into its computer system and does not make the needed adjustments in the person’s benefits. Then, months or years later, after a computer match with earnings records, SSA determines that the person was overpaid and sends a notice to this effect. All too often, after receiving the overpayment notice, the beneficiary will tell SSA that he or she reported the income as required and SSA will reply that it has no record of the reports.

Depending on which program the person participates in—Social Security or SSI—discovery that the person is working may result in complete loss of cash benefits (Social Security) or a reduction in cash assistance (SSI). It also can affect the person’s health care coverage. To collect the overpayment, SSA may decide to withhold all or a portion of any current benefits owed, or SSA may demand repayment from the beneficiary if the person is not currently eligible for benefits. The result of this is that some individuals with disabilities are wary of attempting to return to work, out of fear that this may give rise to the overpayment scenario and result in a loss of economic stability and potentially of health care coverage upon which they rely. As a result of this long-term administrative problem, anecdotal evidence indicates that there is a widespread belief among people with disabilities that it is too risky to attempt to return to work, because the beneficiary may end up in a frightening bureaucratic morass of overpayment notices, demands for repayment, and benefit termination.

Recently, SSA has been making some significant progress on this issue. It has developed the “e-Work” system, a new computer process through which SSA staff record reports of earnings from Social Security disability beneficiaries. The system is designed so that office managers know when there is additional work to be done on the case in order to ensure that the information is input completely into the system and acted upon in a timely manner. SSA is working on a parallel system for SSI, but that system is not yet operational. As a result of SSA’s effort on “e-Work,” SSA theoretically and practically is situated to resolve this long-standing problem and hopefully to eliminate a serious work disincentive. But that will not occur if this work is not given priority. Without the staffing needed to conduct this post-entitlement work, we are concerned that these cases will continue to not be processed in a timely manner.

SSA’s ability to respond to work reports submitted by Social Security and SSI disability beneficiaries in a timely manner is essential if progress is to be made in realizing Congress’ goal of reducing work disincentives in the Social Security and SSI disability programs and encouraging more beneficiaries to attempt to return to work. With the increases expected in applications from retirees and people with disabilities over the next few years—and the staff reductions already being built into SSA’s budget request—the encouraging work now underway on earnings reports is likely to be pushed to the side if SSA does not have sufficient funding to do the requisite post-entitlement work.

III. SSA needs additional funds to conduct more continuing disability reviews and to remain current on SSI redeterminations.

In 1984, Congress corrected some very troubling problems that were occurring—individuals with severe disabilities were being arbitrarily terminated from the program—by developing and enacting the current continuing disability review (CDR) rules. It is essential both to beneficiaries and to SSA that Congress provide SSA with sufficient funds to conduct these reviews.

In fiscal year 2007, SSA seeks a total of \$490 million to conduct continuing disability reviews. This includes \$289 million in base funding and another \$201 million

in additional funds.⁴ SSA has reported that each dollar spent on CDRs returns \$10 in benefit savings to the program.⁵

Failure to provide SSA with adequate funds to stay current with the processing of continuing disability reviews would, over time, diminish the integrity and accuracy of the disability programs. To protect program integrity and avert improper payments, it is essential that SSA conduct ongoing, regular reviews (CDRs) to determine whether recipients with disabilities continue to be eligible.

Failure to conduct the full complement of CDRs would have adverse consequences for the federal budget and the deficit. As noted, SSA has determined that CDRs result in \$10 in program savings for each \$1 spent in administrative costs in conducting these reviews. SSA estimates that the CDRs it conducted in 2002 “are expected to yield \$6 billion in lifetime program savings.”⁶ To put this figure in context, of the one million Social Security continuing disability reviews that SSA conducted in fiscal year 2001, SSA continued benefits in 96 percent of the cases reviewed and terminated benefits in four percent of the cases.⁷ Even though the great majority of CDRs result in continuation of benefits, the savings from those CDRs that result in terminations are substantial because of the size of the program and the value of the benefits provided.

The number of CDRs that SSA will conduct is directly related to whether SSA receives the additional funds it needs to conduct these reviews. SSA conducted 537,000 medical CDRs in fiscal year 2005 and had proposed to conduct 750,000 such reviews in fiscal year 2006. However, that number has been reduced to 360,000 for fiscal year 2006 due to the lower level of appropriations provided for SSA. In fiscal year 2007, with some funds sought outside the discretionary caps through a cap adjustment, SSA hopes to do 597,000 CDRs.⁸ We urge Congress to ensure the funding is there to undertake these reviews.

IV. SSA’s future success depends on Congress acting to find ways to boost its budget now—and to significantly supplement its budget over the long term as caseloads grow and when new workloads otherwise are added.

SSA’s appropriation competes with that for other programs under the Labor, Health and Human Services, Education and Related Agencies Appropriations Subcommittee. In addition, when there is an across-the-board cut in funding, SSA is affected. Finally, new work often is added by Congress, without new funds provided to undertake the required work.

When Congress imposed the across-the-board cut on discretionary funding for fiscal year 2006, SSA lost close to \$91 million.⁹ Although the President originally requested \$9.403 billion for SSA for fiscal year 2006, Congress had appropriated \$9.199 billion prior to the across-the-board cut. With the loss of the additional \$91 million, SSA received almost \$300 million less than the President requested.¹⁰

In addition, Congress sometimes passes provisions that show savings in entitlement costs while failing to recognize the administrative costs to SSA of implementing those provisions. Three recent examples are:

1. The Deficit Reduction Act (DRA) signed into law on February 8, 2006 requires that SSA conduct pre-effectuation reviews on 20 percent of initial SSI allowances at the state disability determination service level in fiscal year 2006.

⁴The \$289 million in base funding includes \$60 million for SSI CDRs and \$229 million for Social Security disability CDRs. The \$201 million in additional funding being requested for fiscal year 2007 includes \$60 million for SSI CDRs and \$141 million for Social Security disability CDRs. *Social Security Administration: Fiscal Year 2007, Justification of Estimates for Appropriations Committees*, Social Security Administration, SSA Pub. No. 22–017, February 2006, page 63, footnote 2.

⁵See SSA: *The Fiscal Year 2007 Budget Press Release*, SSA, page 12.

⁶*Social Security Administration: Fiscal Year 2005: Justification of Estimates for the Appropriations Committee*, SSA Pub. No. 22–017, February 2004, page 74.

⁷*2004 Green Book*, Committee on Ways and Means, U.S. House of Representatives, Table I–44, page I–70.

⁸*SSA FY 2007 Congressional Briefings*, pages 9, 15. The President seeks \$201 million for CDRs in fiscal year 2007 and \$213 million in fiscal year 2008 that would be outside the normal ceiling on discretionary appropriations. The budget proposal also includes \$289 million for CDRs within the discretionary ceiling in fiscal year 2007. See also, footnote 4, above.

⁹Social Security Administrations: *Fiscal Year 2007: Justification of Estimates for Appropriations Committees*, SSA Office of Budget, SSA Pub. No. 22–017, February 2006, page 75.

¹⁰SSA requested \$9,403,000,000 in fiscal year 2006. Congress appropriated \$9,199,400,000 and then rescinded \$90,794,000 in Public Law 109–148, Department of Defense Appropriations Act of 2005. *Social Security Administration: Fiscal Year 2007, Justification of Estimates for Appropriations Committees*, Social Security Administration, SSA Pub. No. 22–017, February 2006, pages 75–77 and footnote 22.

This number grows to 50 percent of allowances in fiscal year 2008 and thereafter.¹¹ These are cases in which SSA has determined that the person is eligible for benefits and SSA now must review a percentage of those decisions prior to finalizing the allowances. Under the new rules, SSA must review these cases for accuracy (and possibly change its decision) prior to issuing the decision.

2. Also in the DRA, Congress changed how SSI lump sum benefits are to be paid to recipients. Under the change, SSA is required to issue lump sum retroactive awards beginning with a first payment equivalent to three months of benefits. This previously had been 12 months.¹² The underlying provision that the DRA changed makes clear that in cases where the amount of the first installment payment works a hardship for the individual because he or she has debts that need to be repaid, SSA will provide a higher amount to help cover these debts.¹³ Until now, because the first installment equaled up to 12 months of benefits, few new SSI recipients apparently have needed to avail themselves of the ability to request that SSA issue a different, higher amount. Now that the first installment will be limited to three months of SSI benefits (even though SSI disability beneficiaries may have been made to wait much longer than that to begin receiving benefits and thus may have incurred substantial debts), it is likely that many more beneficiaries will need to ask SSA to make the special determination and issue a larger first payment. This will be a new workload for SSA staff.
3. In the Social Security Protection Act of 2004, Congress expanded SSA's workload related to "fleeing felons."¹⁴ Since January 2005, the ban on felons and probation and parole violators receiving benefits applies not only to SSI (the rule has applied since 1996 in SSI) but also to Social Security beneficiaries. Also, there now is a "good cause" exception that allows payment of benefits under certain circumstances. It may sound simple to do a computer match, determine that a person is a fleeing felon or violating probation or parole and then terminate benefits, but these are people who sometimes have serious mental impairments or terminal illnesses and they may require assistance in figuring out what happened and how to respond. They may need to meet with SSA staff in the field offices to understand the process and what action they need to take, as well as to determine if they are eligible for continuation of benefits under the "good cause" exception. Staff time is a valuable SSA resource, one that it needs more of. The less time that SSA spends on these cases, the more that individuals can be harmed by inappropriate applications of the rule.

In none of these cases did Congress provide separate funding for SSA to do the additional work. The assumption is that SSA will work it out and, if needed, will seek additional funding as part of its next annual request. That would make sense if it were not for the tight discretionary spending ceilings the budget resolutions are imposing and the fact that SSA's budget must compete with the budgets of many smaller but important discretionary programs that are in the Labor, HHS, and Education appropriations bill. Unless Congress acts to identify another way to secure additional funds for SSA on a reliable basis—not simply for a year or two, as happened with the additional Medicare Part D funds—we worry that SSA's workload will continue to grow but its administrative funding will not follow suit.

An example of potential long-term costs are the efforts to expand employer verification of Social Security Numbers (SSNs) to employers and employees, as Congress is currently contemplating. Without expressing an opinion on these proposals, should Congress pass such a law, it is essential that it provide funds for SSA to implement this very large increase in workload—not just for a year or two, but out past 2010 when CBO says the caseload costs would rise very substantially.¹⁵ If Congress does not do this, then one can anticipate that something else important at SSA will not get done or will be done inadequately. Would it be the continuing dis-

¹¹ Section 7501, Deficit Reduction Act of 2005, Pub. L. 109-171, signed February 8, 2006.

¹² *Id.*, Section 7502.

¹³ Section 1631(a)(10)(B)(iii), 42 U.S.C. § 1383(a)(10)(B)(iii).

¹⁴ Section 203, Pub. L. 108-203.

¹⁵ CBO estimates that the cost to SSA of implementing its responsibilities under HR 4437, the Border Protection, Antiterrorism, and Illegal Immigration Control Act of 2005, would be \$200 million over the 2006 to 2010 period. SSA's costs will continue at high levels outside the five-year window; CBO estimates that SSA's costs will be about \$640 million over the 2006 to 2015 period. "Under the bill, the agency's cost to process employment verification inquiries would increase substantially after 2010 when all private employers would be required to check the eligibility of their entire workforce by 2012." CBO Cost Estimate on HR 4437, December 13, 2005, page 4, <http://www.cbo.gov/ftpdocs/69xx/doc6954/hr4437.pdf>.

ability reviews? Longer processing times for applications? Longer times to issue SSNs and replacement SSNs?

Conclusion

The CCD Social Security Task Force believes that SSA has been making strides in addressing delays in the disability determination process and in the post-entitlement workloads but recognizes that much more is needed. And, we worry that SSA will not be provided sufficient funds to conduct the continuing disability reviews. We are concerned that, at the level of funding provided in fiscal year 2006 and the level requested for fiscal year 2007, some progress that already has been made will be eroded. We urge Congress to ensure that SSA receives adequate funds to maintain and improve upon its vital work.

ON BEHALF OF:

American Association of People with Disabilities
 American Association on Mental Retardation
 American Council of the Blind
 American Network of Community Options and Resources
 Association of University Centers on Disabilities
 Bazelon Center for Mental Health Law
 Brain Injury Association of America
 Center on Budget and Policy Priorities
 National Alliance on Mental Illness
 National Association of Councils on Developmental Disabilities
 National Association of Disability Representatives
 National Multiple Sclerosis Society
 National Organization of Social Security Claimants' Representatives
 Research Institute for Independent Living
 Title II Community AIDS National Network
 The Arc of the United States
 United Cerebral Palsy
 United Spinal Association

◆◆◆◆◆

**Statement of Michael A. Steinberg, Michael Steinberg and Associates,
 Tampa, Florida**

Mr. Chairman and Members of the Subcommittee on Social Security:

Thank you for the opportunity to present a written statement for the printed record of the above referenced hearing.

I am an attorney who has been practicing in the area of Social Security Disability law for over 23 years. I have written articles for periodicals and have lectured at National Social Security Disability Law Conferences. I have handled thousands of cases at all levels of the administrative and appeals process. Although my office is located in Tampa, Florida, I have handled cases for claimants throughout the country.

When I first started practicing, the waiting time for a hearing before an Administrative Law Judge was just a few months. In 1983, we all knew that as the baby boomers began to age, more claims for disability would be filed and that Social Security needed to be prepared for the increased workload.

As time went on, the volume of claims grew as expected, as well as the backlog. In the late 1980's and early 1990's, I recall speaking with my Congressman, Sam Gibbons, who at the time was on this committee, about the delays in processing claims. In certain cases, he would write to the local Office of Hearings and Appeals inquiring as to the status, and somehow, those cases would be expedited. Nonetheless, nothing effective was done to reduce the backlog and the delays. They just kept getting worse.

When Congressman Jim Davis was running for the U.S. House of Representatives for the first time, I was Chairman of the Social Security Subcommittee of the Hillsborough County Bar Association. In one of our meetings we invited him to speak and we asked him what he would do about the delays in processing disability claims. He vowed to work toward reducing the waiting period for claimants. The backlog continued to grow.

Over the past year, several of my clients died while their claims were pending. In fact the day before this hearing, I received a call from the daughter of a client who advised that her mother died the night before. This woman had hypertension, but could not afford proper medical care. While waiting for her hearing she had a

stroke. Perhaps she would be alive today had she been approved for disability benefits and Medicaid earlier.

During the time it takes to process their disability claims, many people lose their homes and have to move in with relatives or friends. Quite a few end up living on the streets.

Today, in most cases, the time it takes for a hearing to be held and a decision rendered is more than 2 years from the date of the Request for Hearing. This is unacceptable.

Congress can make all kinds of excuses for the delays. Some blame the millions of undocumented aliens tying up personnel and resources. Others say that the Medicare, Part D Plan has diverted Social Security employees who would otherwise be working on disability claims. Still, other say that Congress and Social Security were not prepared for the increase in Social Security Disability and SSI claims. Such claims demonstrate either ignorance or are disingenuous.

Everyone of us who has been involved with this program for the past several decades, including members of the Social Security Advisory Board, Congress, Commissioners of Social Security, and Social Security Disability attorneys, have known for a long time that insufficient funds have been appropriated to Social Security to process Disability and SSI claims in a fair and timely basis.

Regardless of what procedural changes are made or clever names are given to process changes, without sufficient personnel, the backlog and delays will continue to increase.

In my opinion, there is one effective way to reverse this trend and that is to enact legislation to amend the Social Security Act to provide for interim benefits for those people who have waited more than a certain period of time (for example, 18 months) to receive a hearing and decision. In order to prevent overpayments, Congress will then be required to appropriate sufficient money to Social Security so they can do the job they are mandated to do.

Thank you for your consideration of the above and the attached.

**Statement of Shari Bratt, National Association of Disability Examiners,
Lincoln, Nebraska**

Chairman McCrery and members of the Committee, thank you for providing this opportunity for the National Association of Disability Examiners (NADE) to present our views on Social Security Service Delivery Challenges.

NADE is a professional association whose purpose is to promote the art and science of disability evaluation. The majority of our members work in the state Disability Determination Service (DDS) agencies and thus are on the "front-line" of the disability evaluation process. However, our membership also includes SSA Central Office personnel, attorneys, physicians, and claimant advocates. It is the diversity of our membership, combined with our extensive program knowledge and "hands on" experience, which enables NADE to offer a perspective on disability issues that is both unique and which reflects a programmatic realism.

NADE members, whether in the state DDSs, the SSA Regional Office, SSA Headquarters, OHA offices or in the private sector, are deeply concerned about the integrity and efficiency of both the Social Security and the SSI disability programs. Simply stated, we believe that those who are entitled to disability benefits under the law should receive them; those who are not, should not. We also believe decisions should be reached in a timely, efficient and equitable manner.

The challenges facing the Social Security Administration involve all of the various programs administered by the agency. Significant challenges facing SSA in the disability program include the proposed Disability Service Improvement regulation (DSI), the implementation of the electronic disability process (eDib), management of the Continuing Disability Review (CDR) program, the impact of the Supplemental Security Income (SSI) Pre-effectuation Reviews required under the Deficit Reduction Act of 2005 and the continuing hardships imposed by the Five Month Waiting Period and the 24 month Medicare Waiting Period.

Disability Service Improvement (DSI) Regulation

In July 2005, the Social Security Administration published a Notice of Proposed Rule Making to improve the disability determination process. NADE believes that one of the most important challenges facing SSA is the need for an effective and affordable disability claims process. We have some ongoing concerns about the DSI as it has been proposed in the final regulation.

NADE agrees that changes in the disability determination process are needed to reduce processing time, particularly at certain steps in the process. The processing delays of greatest concern currently occur in association with the appeals process at the Administrative Law Judge (ALJ) level. It currently takes approximately 1,100 days to process an average claim for any individual who goes through every stage of the process. This is unconscionable and certainly needs reform. However, we would like to point out that only about 150 days of the current processing time take place in the DDS, yet the regulation appears to make the most changes at this step, by introducing quick decision units and eliminating the reconsideration step. It is our belief that this regulation, as written, will do little to change the extensively long delays that occur when an individual submits a request for an administrative law judge hearing. In fact, NADE believes that the insertion of two new federal bureaucracies—the Medical Vocational Expert Unit and the Reviewing Official—have the potential to significantly increase the amount of time it takes to arrive at a disability decision, especially at the first appeal step.

For the past decade, SSA has attempted to redesign the disability claims process in an effort to create a new process that will result in more timely and accurate disability decisions. Results of numerous tests undertaken by SSA to improve the disability process have not produced the results expected.

There is a pervasive public perception that “almost everyone” is denied disability benefits at the initial and reconsideration levels, and that claimants are found disabled only when they reach the Administrative Law Judge level of appeal. This perception is totally inaccurate as SSA statistics show that 75–80 out of 100 disability beneficiaries were allowed benefits by the DDS. Numerous references are made in the regulation about “making the right decision as early in the process as possible.” NADE certainly supports that goal, but we wish to point out that sometimes the right decision is a denial of benefits.

Quick Decision Determination (QDD) claims—In the regulation, appropriate QDD claims would be identified and referred to special units within the DDSs for expedited action with a goal of processing the claim within 20 days.

In our considerable practical experience with such cases, we have found that the complexity of these cases is minimal and we believe that the expertise of the more experienced disability adjudicators is best allocated to process more complex cases. If the disability determination is made by the most experienced disability adjudicators to process QDD cases, then NADE believes that it is not necessary to require a medical consultant’s signature on fully favorable allowances. A Single Decision Maker (SDM) pilot is in place in 20 states and is effective in reducing program costs, increasing efficiency and decreasing processing time. At the very least, the SDM authority should be continued for the QDD cases.

It is imperative that predictive software used to identify QDD cases be manageable and that it accurately identify the appropriate cases for quick determinations. Selection criteria should include issues other than diagnosis, including involvement in current treatment, current insured status and a specifically identifiable impairment proven most likely to result in a totally favorable allowance decision.

It is important to note that in Title II claims, those persons found disabled under the Social Security Disability program must complete a five month waiting period to receive benefits. *A disability allowance decision, no matter how quickly it is processed, will not solve the problem of having to wait five full calendar months before being able to receive any cash benefits.*

Specialists and Training (Reviewing Official and Medical Vocational Expert Units)—NADE is concerned that the Disability Process Improvement Initiative, with its increased reliance on medical specialists and attorneys, and its elimination of the triage approach currently being used in 20 DDSs, could increase both administrative and program costs. The first level of appeal following a denial by the DDS is to be handled by a Reviewing Official who is an attorney, rather than by a trained disability adjudicator, such as a disability hearing officer. If medical specialists replace programmatically trained DDS medical consultants, the disability program’s administrative costs will almost certainly increase. We also suspect program costs will increase as more claims are allowed on appeal by individuals who lack the requisite medical and vocational training to view such claims from the perspective of SSA’s definition of disability.

Adjudicators evaluating Social Security and SSI disability claims must appropriately and interchangeably, during the course of adjudication, apply the “logic” of a doctor, a lawyer, or rehabilitation counselor, following SSA’s complex regulations and policies to arrive at a disability decision. Training in all of these areas is critical to effectively adjudicate these cases accurately and in a timely manner. Failure to do so carries enormous consequences for the Social Security Administration and the

huge number of citizens who call upon the Agency for assistance. NADE places a high value on initial and on-going continuing education training to maintain and enhance disability expertise in the Social Security disability program.

If the RO component will be responsible for obtaining additional medical evidence, an extensive administrative support structure will need to be developed to obtain medical evidence of record and to implement, maintain and monitor a separate consultative examination process in addition to the system already in place at the DDS.

Reviewing Official—The regulation stipulates establishing a federal Reviewing Official (RO) as an interim step between the DDS decision and the Office of Hearings and Appeals (OHA). An interim step outlining the facts of the case and requiring resolution of issues involved could help improve the quality and consistency of decisions between the DDS and OHA components. NADE supports an interim step because of the structure it imposes, the potential for improving consistency of decisions, reducing processing time on appeals, and correcting obvious decisional errors at the initial level.

There is little, if any data to support a conclusion that the interim step between the DDS decision and OHA must be handled by an attorney. Assessment of eligibility under the Social Security Disability program requires that the adjudicator at every level possess a great deal of program, medical and legal knowledge. As currently outlined in the regulation, the only qualification indicated for a Reviewing Official is that he/she be an attorney. Individuals who are hired into this new position without previous experience in the disability program will require extensive training and mentoring for a period of a least one year. It is also unclear in the proposal who would be responsible for training and supervision of the RO.

NADE feels that a review at this interim step should be conducted by a medically and programmatically trained individual such as a disability hearing officer (DHO). The DHO has received additional training in conducting administrative and evidentiary hearings, decision writing, and making findings of fact, along with detailed case analysis and program information. The DHO currently makes complex medical-vocational-legal decisions using the Medical Improvement Review Standard (MIRS). There is currently a training program in place for DHOs through a contract that SSA has with McGeorge School of Law. The DHO training program could be easily adapted to train experienced disability professionals who already have extensive medical and vocational expertise and disability program knowledge, to perform RO duties. Since a DHO infrastructure is already in place, national implementation of the DHO alternative could occur quickly and effectively. Using an already established structure will prevent costly and less claimant-friendly federal bureaucracy. There will be extreme cost considerations if attorneys are to fill these positions as is currently suggested.

SSA previously piloted a disability redesign project called the Adjudicative Officer. These pilots proved that non-attorneys could produce a high quality product and a well documented and well reasoned case for the Office of Hearings and Appeals Administrative Law Judge.

Medical Vocational Expert Unit—NADE believes the Medical Vocational Expert Unit (MVEU) can provide DDSs with additional access to medical and vocational expertise. Qualification standards for inclusion in the MVEU should not exclude the knowledgeable state agency medical consultant. DDS medical consultants are trained in program requirements and the majority of cases they review include multiple impairments. Having specialists review impairments individually is a time consuming, costly proposal. Specialty consultants with limited scope and experience cannot fully assess the combined effects of multiple impairments on the claimant's functioning. DDS medical consultants are not only medical specialists—physicians, psychologists, and speech/language pathologists—they are also SSA program specialists.

Adjudication of cases that have more than a single impairment require assessment of how all impairments, alone or in combination affect an individual's ability to function. The use of specialists alone would result in numerous hand-offs, adding significantly to processing time. This would also decrease the quality of decisions if there were no method in place to pull all of the specialty conditions together into an overall, global assessment of their impact on functioning.

Although members of the MVEU will surely be qualified to treat patients in their respective fields of specialty, they will also require extensive training in the area of determining disability. Evaluating disability for Social Security purposes is a far different area of expertise than treating patients. There is a very real difference between clinical and regulatory medicine, and it takes at least a year to become proficient in Social Security disability rules and regulations. Again, the responsibility for training, mentoring, and supervising these experts is not established in the pro-

posed rules. While NADE supports the concept of the MVEU being used to supplement the expertise of the medical consultant at the DDS, we feel that most cases at the initial level of adjudication should continue to be reviewed and evaluated by state agency medical consultants.

NADE recognizes that the qualification standards for medical experts have not yet been determined, but we are concerned that primary care medical consultants will be excluded from the MVEU. At risk of exclusion also appear to be administrative or semi-retired physicians who may not choose to keep up their clinical board certification.

Currently, all DDSs have a contingent of state agency medical consultants. In some states, they are state employees, and in other states, they are under contract. These consultants possess a wealth of knowledge and experience, not only in the medical field and in specialty areas, but in the SSA disability program, as well as important knowledge of state health care systems. They are an extremely valuable resource to the DDSs and the Social Security disability program as a whole. It is difficult for the DDS to recruit and retain good medical consultants, and it is NADE's hope that any established new qualification standards do not make it even more difficult to do so.

Electronic Disability Process (eDib)

In initial comments about a new disability approach, the Commissioner indicated the foundation for the approach was the successful implementation of an electronic folder system. NADE fully agrees with the Commissioner on this fact. NADE remains very supportive of these new technologies as a means for more efficient service to the public. The proposed disability process improvements are predicated on the new electronic folder system. For eDib to be successful, it is critically important that adequate infrastructure support and proper equipment is in place to make the process work effectively and efficiently. Until eDib is *fully* implemented nationwide, it is impossible to determine critical service delivery issues that impact on daily case processing. NADE supports continued rollout of an electronic disability folder for the obvious reasons of administrative cost savings in terms of postage and folder storage, as well as time savings from mailing and retrieving paper folders. At the same time, it must be recognized that an electronic disability case process may have a negative impact on case production capacities at the DDS level.

While eDib may be rolled out nationally, it is not in use by all adjudicators in all components, and it remains to be seen how the system will handle the increased volume of work and number of users when it is implemented completely in all components of disability case processing. Until eDib is fully operational, (including predictive software to identify Quick Disability Decisions) we do not believe it is appropriate to make widespread changes in the adjudicative process. The full implementation of eDib in itself may result in a significant reduction in processing time at all levels of adjudication without additional sweeping changes to the adjudicative process.

Because eDib is still a work in progress, refinements, upgrades and improvements are frequently necessary. The impact on the system as a whole when these refinements are accomplished is unpredictable, but presently they frequently result in a slowing or shutting down of the system, or parts thereof. Since DDSs process over 2.5 million cases on an annual basis, any shut down of the system equates to a significant loss of production capacity. *Even a shut-down of only 5 minutes a day equates to over 1,250 work hours lost on a daily basis due to system instability.* Currently, many DDSs experience far more than 5 minutes per day of system instability problems.

In addition, some upgrades and improvements to the system require that the adjudicator relearn basic functionality which again impacts on the ability of the DDSs to process the large volume of cases they receive in a year. Upgrades to the system are essential to insure that the system operates as efficiently as possible, but it must be recognized that there is a resource impact every time a change is made.

While NADE recognizes the need for, and supports, SSA's commitment to move to an electronic disability claims process, this tool will not replace the highly skilled and trained disability adjudicator who evaluates the claim and determines an individual's eligibility for disability benefits in accordance with SSA's rules and regulations.

Continuing Disability Reviews (CDR)

Limited resources have forced SSA to reduce the number of CDRs performed this year. There is a past history of the agency falling behind in these critical reviews. It took a great deal of effort by all components of SSA to reach a point where these reviews were being conducted as scheduled. There is now a real danger that we will

again find ourselves in the position of having backlogs of overdue CDRs. While there are increased program costs (including overtime, additional purchase of medical evidence, claimant transportation costs and increased utilization of contract medical consultants), there is a potential significant savings in program costs with the elimination of benefits paid to claimants who are found to be no longer eligible under the SSA Disability program requirements. The estimate is that for every \$1 spent on conducting CDRs, \$10 of program funds is saved. While necessary given the current budget situation, the decision to reduce the number of CDRs has been described as “penny-wise and pound-foolish”. We agree. It is essential to program integrity that these reviews be conducted in a timely manner. Experience has shown that dedicated funding for CDRs is the best means of getting “current” with the CDR backlog.

SSI Pre-Effectuation Reviews

The Deficit Reduction Act of 2005 includes the following requirement:

‘(e)(1) The Commissioner of Social Security shall review determinations, made by State agencies pursuant to subsection (a) in connection with applications for benefits under this title on the basis of blindness or disability, that individuals who have attained 18 years of age are blind or disabled as of a specified onset date. The Commissioner of Social Security shall review such a determination before any action is taken to implement the determination.

‘(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—

‘(i) at least 20 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2006;

‘(ii) at least 40 percent of all such determinations that are made in fiscal year 2007; and

‘(iii) at least 50 percent of all such determinations that are made in fiscal year 2008 or thereafter.

‘(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.’

The implementation of SSI Pre-Effectuation Reviews will have an impact on program costs, utilization of resources and processing time. Budgets and agency goals must be adjusted to reflect this impact.

Five month Waiting Period and 24 month Medicare Waiting Period

It is important to note that in Title II claims, those persons found disabled under the Social Security Disability program must complete a five month waiting period to receive benefits. *A disability allowance decision, no matter how quickly it is processed, will not solve the problem of having to wait five full calendar months before being able to receive any cash benefits.* NADE believes that requiring some individuals to serve a waiting period before becoming eligible to receive disability cash benefits while not requiring others to serve the same (or any type of a) waiting period is a gross inequity to American citizens with disabilities and a disservice to the American public.

In addition, members of the National Association of Disability Examiners are deeply concerned about the hardship the 24 month Medicare waiting period creates for these disabled individuals, and their families, at one of the most vulnerable periods of their lives. Most Social Security disability beneficiaries have serious health problems, low incomes and limited access to health insurance. Many cannot afford private health insurance due to the high cost secondary to their pre-existing health conditions.

NADE supports the elimination or, at the very least a reduction, of the Five Month and 24 Month (Title II) Medicare Waiting Periods.

Summary

- Any national rollout of DSI must be closely monitored and the process must be adjusted to accommodate the “real world” application of the regulation.
- Single Decision Maker authority should be continued, at least for QDD cases.
- The Disability Hearing Officer should be utilized in the current infrastructure as an interim appeals step. It is not necessary that this position be filled by an attorney.
- Qualification standards for inclusion in the MVEU should not exclude the knowledgeable state agency medical or vocational consultants. Board certification is not a practical standard and, if required for State Agency Medical Consultants, could significantly reduce the effectiveness and efficiency of the DDS medical review.

- Necessary programmatic training and ongoing administrative support for the ROs and MVEUs will result in significant expense.
- Resources should not be diverted from eDib until the system is fully operational in all DDS locations. It is critical that necessary refinements be made to the system in order for it to produce the anticipated and desired efficiencies.
- Dedicated funding is necessary in order to avoid the costly possibility of again having a backlog of overdue CDRs.
- There must be recognition that the implementation of SSI Pre-effectuation reviews will have an impact on the DDSs budget and processing time.
- The five month cash benefit and 24 month Medicare waiting periods for Social Security disability beneficiaries should be eliminated or reduced.

**Statement of Richard E. Warsinskey, National Council of
Social Security Management Associations Inc.**

Chairman McCrery, Congressman Levin and Members of the Subcommittee, my name is Richard Warsinskey and I represent the National Council of Social Security Management Associations (NCSSMA). I have been the manager of the Social Security office in Downtown Cleveland, Ohio for 11 years and have worked for the Social Security Administration for 30 years. On behalf of our membership, I am pleased to have the opportunity to submit this testimony to the Subcommittee.

The NCSSMA is a membership organization of nearly 3,400 Social Security Administration (SSA) managers and supervisors who provide leadership in SSA's 1,374 Field Offices and Teleservice Centers throughout the country. We are the front-line service providers for SSA in communities all over the nation. We are also the federal employees with whom many of your staff work to resolve problems and issues for your constituents who receive Social Security retirement, survivors or disability benefits, or Supplemental Security Income. From the time our organization was founded over thirty-five years ago, the NCSSMA has been a strong advocate of locally delivered services nationwide to meet the variety of needs of beneficiaries, claimants, and the general public. We consider our top priority to be a strong and stable Social Security Administration that delivers quality service to the people we serve—your constituents.

SSA is facing many service delivery challenges this year. My testimony today will focus on the following areas: limited resources and ever-increasing workloads and responsibilities.

Resources

The President's Fiscal Year 2007 budget proposes \$9.496 billion for the Social Security Administration's Limitation on Administrative Expenses (LAE) account. This account, which is included as part of the Labor, Health and Human Services, and Education Appropriations Bill, supplies the resources for SSA's administrative budget. The budget request for FY 2007 represents less than a 1.0% increase over the amount requested for FY 2006. The Agency did not receive the full President's budget request for FY 2006—the final appropriation was reduced by nearly \$300 million during the appropriations process.

The Commissioner of Social Security is required by law to submit her own budget. This budget reflects what she sees as the level of funding necessary to meet the Agency's service delivery improvements and fiscal stewardship plans through 2011. This budget also factors in that SSA has received less than the President's budget request in recent years, thus leading to the need for additional resources in future years to meet the full service delivery plan. The budget amount submitted by the Commissioner of Social Security to the President for SSA's FY 2007 administrative expenses was \$10.23 billion. The budget submitted by the Commissioner takes into consideration the increasing workloads and new mandates that are confronting the Agency. The budget shortfalls in comparison to the Agency's real needs, increased workloads, and new mandates have, and will continue to have, a tremendous impact on SSA's service delivery.

It is important to note that SSA's administrative budget constitutes less than 2% of program expenditures for the current fiscal year which is an outstanding value. This becomes all the more noteworthy when compared to private sector insurance companies which, as pointed out in a report issued by the Social Security Advisory Board, commonly have cost ratios of 10 to 20 percent or more. Certainly the American people deserve to have the Social Security Administration's excellent service while maintaining such value.

A good example of this value can be seen by the service SSA provided after the hurricanes this past fall. SSA detailed people throughout the country and moved a huge amount of equipment around to assist people in receiving their benefits after the hurricanes. Commenting on SSA's efforts the Social Security Advisory Board wrote, ". . . we have been continually impressed by the commitment and expertise of the agency, its management, and its employees at all levels to providing excellent service to the beneficiaries who depend on Social Security. Last year's hurricanes showed that commitment to be deep and solid." "The agency and its employees... have every reason to be proud of their preparedness, resourcefulness, and dedication in meeting the needs of the population they serve under the most trying circumstances."

Increasing Workloads

The following are some key current and future workload trends that are impacting SSA:

- In 1999 SSA had 311,000 hearings pending. As of the end of April there are now about 727,000 hearings pending, an increase of 133%. The average hearing processing time continues to go up.
- Current processing times are 481 days, up from 443 days last fiscal year. The average Administrative Law Judge has approximately 709 cases pending per available judge. As a result the average time to receive a hearing decision is often more than two years.
- SSA's Program Service Centers (PSCs) have seen their pending cases more than double in the past two years, increasing by about 275,000 cases. The PSC backlogs have been exacerbated because so many of the employees must assist in answering the 1-800 number. Waiting times in Field Offices rose dramatically for the first six weeks of the year. Walk-in traffic increased by approximately 40% for the first six weeks of the year. Since then traffic has moderated somewhat but walk-in traffic is currently up an estimated 20%.
- SSA's 1-800 number has received nearly 4 million more calls this year compared to the same time last year.
- Failure to receive an adequate appropriation led the Commissioner to make the difficult but unavoidable decision to cut back on processing Medical Continuing Disability Reviews. This year SSA has reduced the number by about 390,000. SSA estimates that every one dollar spent on a Continuing Disability Review saves ten dollars in program costs. SSA also estimates that the CDRs conducted in 2002 are expected to yield \$6 billion in lifetime program savings.
- Failure to receive an adequate appropriation led SSA to make the decision to cut back on processing SSI redeterminations by approximately 808,000 this year. SSA estimates that every one dollar spent on an SSI redetermination saves seven dollars in program costs.
- In FY 2005, SSA processed 64% more new claims for Title II and Title XVI disability claims than it did in FY 2000.
- SSA will process an increasing number of retirement claims as the baby boom generation retires. Last year SSA Field Offices processed 16% more retirement claims than the previous year.
- In August 2006, SSA will send out an estimated 2 million letters for those that qualified for Extra Help for Part D Medicare to determine whether the amount of Extra Help will change. Many of these cases will need to be reworked by SSA Field Offices.
- This fall, SSA will also mail out an estimated 2 million letters for those potentially affected by the Income-Related increased Medicare Part B Premiums. Many of those affected will contact SSA Field Offices and Teleservice Centers with questions and will require assistance in determining the correct premium to pay.

Increasing Responsibilities

One of the areas where SSA Field Offices have seen the most significant impact on their workloads and on the public has been due to the implementation of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) on December 17, 2005. This law significantly strengthened the rules for issuing new and replacement Social Security numbers and cards. Immediately after this law went into effect, SSA Field Offices throughout the country saw a dramatic increase in waiting times and number of visitors. This is due to the need to complete a much more intensive interview of those applying for Social Security numbers. This more intensive interview process and review of documents has led to an increased number of visitors that must go home and return with additional documents, sometimes multiple times.

We estimate that nearly one-third of the people currently coming into SSA Field Offices to apply for an original or duplicate Social Security number card have to return to the office with additional documentation for their card. We have seen countless numbers of people leaving our offices angry and frustrated because of the inconvenience.

Last year SSA processed 13.4 million requests for Social Security cards. If one-third of the public has to obtain additional documentation and return to an SSA Field Office to complete the interview process this is affecting nearly 4.5 million people.

Some of the challenges faced by Field Offices can be seen by one Louisiana office which reports:

A major impediment to providing acceptable service to the public has been our increase in daily visitors to the office, the majority of which are there to apply for Social Security cards. In the first quarter of 2006, we had 10,938 visitors for Social Security cards. During that same time period, we processed 7,184 cards. Based on these numbers, 52.25% of our visitors needing a Social Security card consisted of repeat traffic.

Overall, we had 20,208 visitors to our office in the first quarter of 2006. 10,938 of these visitors were here for Social Security cards which equates to 54.1% of all visitors to the office during that quarter.

To meet the demand for Social Security cards, we have two service representatives (windows 1 and 2) who do nothing but Social Security card requests all day. If the volume becomes too great, we bring in two more service representatives to focus solely on this workload (windows 3 and 4). Four other service representatives are engaged in meeting and dealing with the rest of the public that is not in the office to file a claim, and two are answering the phones.

The same office in Louisiana also reported the following lingering effects from Hurricane Katrina:

- *Still receiving mail for 87 beneficiaries/recipients (all types of mail—not just SSA-related) at the Field Office*
- *Receiving death notices from New Orleans area funeral homes*
- *70% increase in non-receipts of checks from the same time last year*
- *37% increase in Social Security Title II changes from the same time last year*

As these increased demands on SSA facilities throughout the country have hit the Agency, we are faced with a reduction in staffing of 500 positions this year and an estimated 2,000 people next year. This reduction in staffing will occur even if SSA's LAE account is funded at the full level of \$9.496 billion as proposed in the President's budget. It is estimated that SSA will have 500 fewer employees on duty next year than before the Agency started working on Medicare Part D cases. Moving forward, we realize that we no longer have the large workloads associated with the start up of Part D. Although resources were provided by the Congress in Fiscal Years 2004–2006 to address the initial workload related to Medicare Part D, there are still incredible challenges to be met in addressing the ongoing Medicare Part D workloads, rule changes in issuing Social Security number cards, and new Medicare Part B premium increase cases, as well as increased retirement and disability claims and telephone calls.

There has been an increasing awareness of the approaching retirement wave in all Federal Agencies. For SSA this is especially serious. Not only does the Agency have a significant number of employees currently eligible to retire, but the training time to create a proficient field employee is very long. The complex program features and the wide range of benefits and entitlements, in addition to the programmatic complexity of many issues occurring after a person is drawing benefits mean many employees do not achieve journeyman proficiency for at least three and more likely five years. This problem will be exacerbated by the loss of institutional knowledge when the senior employees retire.

SSA Field Offices receive about the same number of telephone calls as SSA's 1–800 number. This is because many people prefer to talk to the local Field Office and because all letters that are mailed out must include the local Field Office telephone number on the letter. Yet most local Field Offices do not have adequate staff to answer telephone calls. In the NCSSMA's 2005 Survey of Management, 78% of the 2,400 respondents stated they did not have enough staff to provide adequate local telephone service. In addition, Field Office telephones systems are antiquated and desperately need to be replaced. Field Offices nationwide are forced to cannibalize parts to keep some telephone systems running.

SSA has also made enormous investments in the electronic Disability Claims Process (e-Dib) which will revolutionize the way the Agency handles disability claims. While these changes will lead to significant savings and improve processing

times down the line, it is actually a more labor-intensive process and results in longer interview times for local Field Offices. In fact it takes nearly 30 minutes longer to take an interview under e-Dib because of the amount of information that must be formatted electronically.

The \$9.496 billion requested by the President for FY 2007 is insufficient to fully address all backlogs and increasing workloads described above. We do understand the fiscal constraints of today's budget environment, but at a minimum, it is absolutely critical that Congress match the President's FY 2007 budget request for SSA. Each year that SSA receives less than adequate funding for the LAE account has a compounding negative effect on our workloads. This compounding has meant that we have over 8,000 fewer work years than we would have received had we received the full level of funding recommended in recent years in the President's budget.

This staffing shortage is one of the key reasons for massive backlogs in the Hearings Offices and Program Service Centers, reductions in processing stewardship workloads such as SSI redeterminations and Continuing Disability Reviews in Field Offices, major strains on Field Office employees to handle the increased walk-in traffic, and for Field Offices and Teleservice Centers to handle the nearly 135 million calls per year.

The key problem is that SSA is being given more and more responsibilities without sufficient funding to handle these responsibilities. On the horizon is another enormous workload that SSA could receive due to language in the Border Security Act that could require the Agency to verify approximately 50 million Social Security numbers a year. SSA would need additional funds to administer the provisions of this bill if it becomes law. The Agency also needs additional funds for IRTPA, ongoing workloads associated with Medicare Part D, and the upcoming Income-Related Medicare Part B premium changes that take effect in January 2007.

SSA is making every effort it can to address these increasing mandates. Our Agency's productivity continues to rise, and in fact has risen at least 2% a year this decade. When you invest the people's money in SSA they get their money's worth and much more. Think of the hundreds of millions of dollars that would be saved if SSA could process more Continuing Disability Reviews and SSI redeterminations. This is simply not possible without additional funding.

Supplemental Appropriation

The Senate has included a provision in the FY 2006 Hurricane-War Supplemental Appropriations Bill that would provide \$38 million to the Social Security Administration. We strongly support this additional funding. This funding will help cover additional expenses SSA had to incur due to the hurricanes in 2005. SSA assisted more than 528,000 individuals in FEMA Disaster Recovery Centers and shelters and helped countless others at local Field Offices. SSA's additional expenses include the need for temporary space, renovating damaged offices and replacing damaged furniture and equipment. SSA also had to cover additional overtime and travel expenses for details that assisted in these workloads. The Agency also incurred costs to help employees who were forced to relocate due to damaged or destroyed homes and offices.

Unfortunately for SSA, the Agency's final budget for FY 2006 was already \$300 million below the President's FY 2006 request. The reduced level of funding provided for FY 2006 makes it very difficult for the Agency to absorb the additional costs of the hurricanes and their aftermath. The additional \$38 million would help deal with the reductions in service and additional delays which have occurred throughout SSA's Field Offices.

Conclusion

SSA is facing an enormous challenge to keep up with all of its workloads. Without additional funding backlogs will increase and we will not be able to provide the level of service we believe the American public deserves. At a minimum, SSA needs to receive the FY 2007 budget proposed by the President. We applaud Commissioner Barnhart's ongoing efforts to request adequate resources for SSA. We also strongly support the Senate's request for an additional \$38 million in supplemental appropriations for FY 2006. It is imperative that our Agency receives additional funds for new tasks we are given such as those mandated by IRTPA and the proposed Border Security Act, which has the potential to task SSA with a new and immense workload. Without *additional* funding for these new workloads, the Agency will have to delay processing various existing workloads, leading to even more backlogs and delays. Ultimately, this will lead to increased costs.

We understand the current budgetary constraints, but we hope that when Congress is making decisions about how limited appropriated funds should be allocated,

you and your colleagues keep in mind that SSA has a reputation as an Agency that gets results, and it has earned that reputation. As the only face of government a broad number of Americans ever see, it is important to retain confidence in our government by providing these Americans with the efficient, accurate, and compassionate service they deserve.

On behalf of the members of the NCSSMA, I thank you again for the opportunity to submit this testimony to the Subcommittee.

Statement of National Council on Disability

Americans with Disabilities remain underemployed, despite the fact that many are willing and able to work. Although the Social Security Administration (SSA) has instituted a number of incentives to reduce the numerous obstacles to employment faced by its Supplemental Security Income (SSI) and Social Security Disability Insurance (DI) beneficiaries, such efforts have had little impact because few beneficiaries are aware of these incentives and how they affect benefits and access to health care.

The National Council on Disability's (NCD) findings reinforce what has been known for decades by SSI and SSDI beneficiaries with disabilities who want to enter, re-enter, or increase their employment within the U.S. workforce. The major findings in NCD's report include:

- The Social Security Administration's demonstration authority has not resulted in the validation of evidence-based practices that promote employment or return to work for beneficiaries.
- The culture of SSA is not geared toward providing rehabilitation services and returning individuals to work or promoting work for SSI recipients. The complexity of program rules, coupled with the inability of the agency to accurately track and record post-eligibility earnings, frequently penalizes beneficiaries who attempt to enter or re-enter employment.
- The definition of disability in the current SSA eligibility process is based on a 50 year old conceptualization of disability that is in direct conflict with the policy premises of more recent federal policies and programs. The present eligibility determination process fails to acknowledge the concepts of partial disability or temporary disability. Rather than facilitating early intervention services by making rehabilitation services available to individuals early in the disability process, it delays eligibility for those services that might enable individuals to return to work.
- SSA is not and should not be solely responsible for providing all of the services and supports necessary to enable beneficiaries to enter employment and return to work. Coordination and collaboration across multiple federal and state agencies remains a significant challenge for the agency.

NCD considers the most important recommendations in this report to be in the areas of beneficiary perspective and self-direction; income issues and incentives; and coordination and collaboration among multiple public and private systems. NCD's report recommendations include the following:

- Congress and SSA should implement a series of procedural reforms to reduce overpayment to beneficiaries by increasing the use of electronic quarterly earnings data, piloting the creation of centralized work Continuing Disability Review processing cadres, and enhancing efforts to educate beneficiaries on reporting requirements, the impact of wages on benefits, and available work incentives. One way of addressing the last part of this recommendation would be to allow beneficiaries to access benefits planning services through an integrated, coordinated program across multiple federal systems.
- Congress and SSA should address current shortcomings in the Ticket to Work program by expanding eligibility to include beneficiaries whose conditions are expected to improve, and to beneficiaries under the age of 18. Further, Ticket to Work regulations should be modified to ensure that Ticket assignment practices do not violate the voluntary nature of the program and beneficiary rights to give informed consent.
- Congress should modify the current Title II disability legislation to eliminate Substantial Gainful Activity (SGA) as a post-entitlement consideration for continued eligibility and provide a gradual reduction in DI cash benefits based on increases in earned income.

- Congress should direct SSA to simplify regulatory earnings definitions and wage verification processes so they are consistent across the SSI and DI programs, as well as modify regulations related to the treatment of earnings in the DI program by applying the same rules currently applied in the SSI program.
- Congress should direct SSA develop and test program additions and regulatory modifications that will enable SSI beneficiaries to accumulate assets beyond existing limits through protected accounts and other savings programs. Also, SSA should change current program rules and work with other federal agencies to modify and expand the value of Individual Development Accounts for all beneficiaries with disabilities.
- SSA should modify Ticket to Work program regulations to allow the SSA Vocational Rehabilitation traditional Cost Reimbursement Program to carry on as a parallel program to the Employment Network Outcome or Outcome Milestone payment mechanisms and ensure that an EN is able to accept a Ticket from a beneficiary and refer that individual to a VR agency for services without having to reimburse VR for those services.
- Congress should direct SSA to work with the Department of Education to expand the current Student Earned Income Exclusion and the Plan for Achieving Self Support programs to encourage involvement of transitioning beneficiaries in postsecondary education and training. SSA should implement a policy change that would disregard all earned income and asset accumulation limits of transitioning beneficiaries for at least one year after post secondary education or training is completed.
- The Centers for Medicare and Medicaid Services and SSA should work closely together to modify existing program regulations in order to uncouple Medicare and Medicaid coverage from SSI or DI cash payments; eliminate the many employment disincentives built into CMS's Medicaid waiver, Medicaid Buy-in, and Health Insurance Premium Payment programs; and work collaboratively with public and private insurance providers and business representatives to design insurance partnerships that will expand access to health care for individuals with disabilities.

The release of this report today is yet another call for the leadership of this country and those designing disability policy, to recognize that most social security beneficiaries, indeed most Americans, want to work. With the appropriate supports, including a forward thinking income support program, this can happen.

The Social Security Administration's Efforts to Promote Employment for People with Disabilities

New Solutions for Old Problems
 National Council on Disability
 November 30, 2005
 National Council on Disability
 1331 F Street, NW, Suite 850
 Washington, DC 20004

This report is also available in alternative formats and on the award-winning National Council on Disability (NCD) Web site (www.ncd.gov).

Publication date: November 30, 2005

The views contained in this report do not necessarily represent those of the Administration as this and all NCD documents are not subject to the A-19 Executive Branch review process.

Web Address for complete report:

<http://www.ncd.gov/newsroom/publications/2005/ssa-promoteemployment.htm>

Executive Summary

Americans with disabilities remain underemployed, despite the fact that many are willing and able to work. Although the Social Security Administration (SSA) has instituted a number of incentives to reduce the numerous obstacles to employment faced by its Supplemental Security Income (SSI) and Social Security Disability Insurance (DI) beneficiaries, such efforts have had little impact because few beneficiaries are aware of these incentives and how they affect benefits and access to health care.

Introduction to the Problem

Social Security beneficiaries with disabilities must spend months or even years convincing SSA that they are unable to work as a condition of eligibility. Yet, upon their receipt of benefits, SSA begins to communicate to beneficiaries that work is an expectation for them. Congress and SSA have developed a variety of work incentives and special programs designed to encourage beneficiaries to attempt to obtain and sustain employment. Yet SSA's efforts to eliminate work disincentives have often added to the complexity of the entire program, confusing beneficiaries and making them leery of any actions that might unknowingly jeopardize their benefits.

Current SSA benefit amounts are quite small and merely allow beneficiaries to live at a basic subsistence level. SSI resource limits make it very difficult to accumulate the financial resources necessary to move toward economic self-sufficiency. Tying eligibility for Medicaid or Medicare to eligibility for SSA benefits forces individuals with high-cost medical needs who could otherwise work to choose between pursuing a career and retaining the medical insurance that sustains their very lives.

The fear of losing benefits and medical insurance through an unsuccessful employment attempt starts well before adulthood with SSI beneficiaries. Many SSI recipients first apply for benefits as children while enrolled in public schools. These individuals often remain on the rolls well into adulthood, with very few transitioning from high school into substantial employment after graduation (GAO, 1996b; GAO, 1998b). Failure to focus on Social Security and other public benefits during transition is not only a missed opportunity, but harm may be caused when students and family members are not educated or prepared for the effect of earnings on cash benefits and medical insurance (Miller and O'Mara, 2003).

There is also the problem with poor educational attainment of DI beneficiaries who enter the disability system later in life. Efforts to help this population return to work are stymied by their lack of education and marketable job skills—particularly in today's highly competitive information economy. It is now more important than ever that people of all ages have access to higher education and the financial means with which to pay for training and education (Moore, 2003).

Response of Congress and the Social Security Administration to the Problem

Well aware of the enormity and seeming intractability of this problem, Congress and SSA have initiated multiple efforts to promote employment and return to work among SSA beneficiaries. In recent years, a number of work incentives for SSI and DI beneficiaries have been implemented, allowing individuals to keep more of their earnings while retaining their benefits. Work incentives are aimed at reducing the risks and costs associated with the loss of benefit support and medical services as a result of returning to work. Some of the most commonly used incentives are Section 1619(a) and (b) provisions; impairment-related work expenses (IRWE); trial work period (TWP); Plan for Achieving Self-Support (PASS); extended period of eligibility (EPE); and continued payment under a vocational rehabilitation program.

However, despite efforts by SSA and the Federal Government that have led to more favorable conditions for returning to work, most SSI and DI beneficiaries continue to stay on the disability rolls. The work incentives offered by SSA remain largely underutilized; in March 2000, of the total number of eligible working beneficiaries, only 0.3 percent were using PASS, 2.8 percent were using IRWEs, 7.5 percent were receiving Section 1619(a) cash benefits, and 20.4 percent were receiving Section 1619(b) extended Medicare coverage (SSA, 2000). The major reasons cited for the extreme underutilization of these work incentives by beneficiaries were (1) few beneficiaries knew that the work incentives existed, and (2) those who were aware of the incentives thought they were complex, difficult to understand, and of limited use when entering low-paying employment (GAO, 1999).

The Office of Program Development and Research (OPDR) and the Office of Employment Support Programs (OESP) under the Deputy Commissioner for Disability and Income Security Programs are primarily responsible for the implementation of multiple components of the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA). The TWWIIA provides a number of new program opportunities and work incentives for both SSI and DI beneficiaries, including the Ticket to Work (TTW) and Self-Sufficiency Program; development of a work-incentives support plan through the creation of national network of Benefits Planning, Assistance, and Outreach (BPAO) programs; and new work incentives, including expedited reinstatement (EXR) of benefits and postponement of continuing disability reviews.

The National Council on Disability's Study of the Problem

It is not known whether the new TWWIIA programs will have any more success than past attempts by SSA to impact the employment rate and earnings of beneficiaries. What is clear is that there has not been, in recent times, a comprehensive,

research-based examination of the practices that are most likely to support the employment of SSI and DI beneficiaries. This study has been undertaken in response to the need for such a comprehensive analysis. The study was designed to address four research questions:

1. What are the evidence-based practices that promote the return to work of working-age beneficiaries of DI and SSI programs?
2. What policy changes are needed, given recent trends in program participation and employment?
3. Are there proven and documented practices that work better for some populations of people with disabilities and not others?
4. Which factors ensure that documented and evidence-based practices could be adapted/adopted by SSA and other entities that seek to ensure the employment of people with disabilities? Which factors prevent adaptation/adoption?

A four-step approach was taken to implement the study. First, a comprehensive literature synthesis was completed through a review of published and unpublished literature. Second, detailed structured interviews were conducted with key stakeholders, including SSA beneficiaries, federal SSA officials, representatives of other federal agencies, consumer and advocacy organizations, service organizations, community service providers, and business representatives. Third, a preliminary list of findings, evidence-based practices, and recommendations based on the literature review and structured interviews was used to develop seven topic papers. These papers were used to facilitate discussion and obtain reaction from participants who were invited to a consensus-building conference at the end of January 2005. Individuals with disabilities (including current and former SSI and DI beneficiaries), advocacy organizations, service providers, and policymakers who attended the conference had the opportunity to further develop the recommendations that appear throughout the report.

Major Findings of the Study

Purpose and Mission of SSA's Disability Benefit Programs

Our nation's current disability benefit programs are based on a policy principle that assumes that the presence of a significant disability and lack of substantial earnings equates to a complete inability to work. The current SSA eligibility determination process thwarts return-to-work efforts, because applicants are required to demonstrate a complete inability to engage in substantial gainful activity (SGA) in order to qualify for benefits. The definition fails to recognize that, for many consumers, disability is a dynamic condition. The length of the application process in our current programs actually contributes to the ineffectiveness of our return-to-work efforts and our inability to intervene early in the disability process.

For DI individuals, lack of a gradual reduction in benefits as earnings increase and lack of attachment to the DI and Medicare programs after an individual has maintained employment for an extended period of time make return to work unfeasible. For SSI beneficiaries, the program's stringent asset limitations thwart efforts toward asset development and economic self-sufficiency. Inconsistencies in program provisions lead to confusion and inequities for beneficiaries of both programs.

Beneficiary Perspective and Self-Direction

To receive benefits, applicants must characterize their situation as an inability to work long-term. They must demonstrate that they are unable to work in any significant way. Once they are determined to be eligible for disability benefits, beneficiaries face a host of complex program rules and policies related to continuing eligibility for cash benefits and access to health care. Many beneficiaries are confused or uninformed about the impact of return to work on their life situation and have shied away from opportunities to become self-sufficient through work.

Beneficiaries report that their experience with SSA is often unfavorable. Insufficient staffing has led to long lines and poor services. Misinformation is frequent, and mistrust common. Local SSA field office staff members are overburdened with accurate and timely processing of post-entitlement earnings reporting, which often leads to overpayments to beneficiaries. Beneficiaries do not trust SSA to make appropriate and timely decisions. There is prevalent fear that work attempts would result in either a determination that the disability had ended or the need to repay benefits.

SSA has implemented many legislative changes, program modifications, training initiatives, and automation efforts in the past 15 years to improve its customer service. Although efforts to streamline processing and improve customer service should

be lauded, they have not significantly improved beneficiaries' ability to direct and control their own careers.

Income Issues and Incentives

A multitude of rules regarding employment income, continued eligibility for disability benefits, waiting periods, earnings reporting, management of benefit payments, and management of assets (among many others) come into play once an individual is determined to be eligible for DI or SSI. SSA rules regarding employment and income are such that many beneficiaries will actually be worse off financially if they work full time. Disincentives to employment in the current benefits programs include a sudden loss of cash benefits as a result of earnings above the SGA level for DI beneficiaries. Despite a number of programs that are designed to encourage asset building among SSI beneficiaries, it remains very difficult for beneficiaries to save and accumulate resources under SSI, which contributes to long-term impoverishment and dependence on public benefits.

Over the past decade, SSA has devoted considerable resources to promoting employment and return to work among SSI and DI beneficiaries. The agency has aggressively implemented a number of new initiatives authorized under the TWWIIA, such as the Ticket to Work and Self-Sufficiency Program, the BPAO program, area work incentive coordinators, and Protection and Advocacy for Beneficiaries of Social Security. It has modified program rules to provide increased work incentives to beneficiaries, such as the EXR and protection from continuing disability review provisions of TWWIIA, indexing the SGA threshold, and increasing the level of earnings allowed during the Trial Work Period (TWP). The agency has also launched or is planning to initiate a number of demonstrations that will test the efficacy of new modifications to work incentives within the DI program and services targeted toward youth with disabilities. Yet, while SSA has taken steps to improve its return-to-work services through the provision of work incentives, these efforts are hampered by the underlying program rules that were designed for individuals assumed to be permanently retired from the workforce and individuals who were viewed as unable or unlikely to work in the future.

Coordination and Collaboration Among Systems

Expansion of the disability programs and the poor employment rates of adults with disabilities have become major concerns for SSA and disability policymakers across the country. Too often, the alarming growth of the Social Security disability rolls has been represented and perceived as SSA's problem to solve in isolation, when in fact it is a larger societal problem with myriad complex causes. Receipt of Social Security disability benefits is merely the last stop on a long journey that many people with disabilities make from the point of disability onset to the point at which disability is so severe that work is not possible. All along this journey, individuals encounter the policies and practices of the other systems involved in disability and employment issues. When these systems fail to stem the progression of disability or work at cross-purposes with one another to prevent successful employment retention or return to work, it is the Social Security disability system that bears the eventual brunt of this failure. Any meaningful effort to slow down or reverse this relentless march toward federal disability benefits will require significant and sustained collaboration and coordination among SSA and the other federal agencies with a stake in developing disability and employment policy.

The complex obstacles to employment faced by SSA beneficiaries require a comprehensive set of solutions. New approaches must be identified that emphasize beneficiary control of career planning and the ability to access self-selected services and supports. Public and private health care providers must develop new collaborations and new approaches to combining coverage from multiple sources to improve program efficiencies. SSA must continue to work with the Rehabilitation Services Administration (RSA) and the Department of Labor (DOL) to improve implementation of the TTW program and identify new approaches that will overcome the traditional inability of SSA beneficiaries to benefit from services provided by the nation's employment and training programs. Secondary and postsecondary educational institutions must emphasize benefits counseling and financial management training as the foundation for beneficiary self-direction and economic self-sufficiency. Federal agencies and the business community must realize that collaborative approaches to incorporating beneficiaries into the workforce are needed as a way to reduce dependence on federal benefits while simultaneously enhancing the productivity and competitiveness of large and small business.

Recommendations

A total of 38 specific recommendations have been developed in the areas of Beneficiary Perspective and Self-Direction, Income Issues and Incentives, and Coordina-

tion and Collaboration Among Multiple Public and Private Systems. The recommendations are presented and justified in Chapters III, IV, and V of the report, and a complete list is provided in Chapter VI. The key recommendations resulting from the study are summarized below.

Beneficiary Perspective and Self-Direction Customer Service—SSA should take immediate steps to improve the services provided to beneficiaries by improving the accessibility of SSA field offices and Web sites; redesigning field office personnel roles, staffing patterns and work assignments; continuing efforts to automate work reporting procedures; and enhancing outreach efforts to beneficiaries.

Ticket to Work Program—Congress and SSA should address current shortcomings in the TTW program by (1) expanding Ticket eligibility to include beneficiaries whose conditions are expected to improve and who have not had at least one continuing disability review (CDR), childhood SSI beneficiaries who have attained age 18 but who have not had a redetermination under the adult disability standard, and beneficiaries who have not attained age 18; (2) modifying the TTW regulations to ensure that Ticket assignment practices do not violate the voluntary nature of the program and beneficiary rights to grant informed consent; and (3) implementing a strong national marketing program to inform beneficiaries about TTW and other SSA programs.

Facilitate Beneficiary Choice—Congress should authorize and direct SSA, the Rehabilitation Services Administration (RSA), the Centers for Medicare and Medicaid Services (CMS), the Department of Housing and Urban Development (HUD), and the Department of Labor Employment and Training Administration (DOLETA) to develop and implement an integrated benefits planning and assistance program that coordinates resources and oversight across several agencies that enables beneficiaries to access benefit planning services within multiple federal systems. Congress should also authorize and direct these agencies to consider changes to the existing BPAO initiative to improve the accuracy and quality of services provided to individual beneficiaries.

Reduce SSA Overpayments to Beneficiaries—Congress and SSA should implement a series of procedural reforms to reduce overpayment to beneficiaries by increasing the use of electronic quarterly earnings data and automated improvements to expedite the processing of work activity and earnings; piloting the creation of centralized work CDR processing in cadres similar to PASS and Special Disability Workload Cadres; and enhancing efforts to educate beneficiaries on reporting requirements, the impact of wages on benefits, and available work incentives.

Eliminate the Marriage Penalty—Congress and SSA should undertake a complete review of the SSI program and make program modifications that eliminate the financial disincentive to marriage inherent in the present program, including amending the current Title XVI disability legislation to modify the manner in which 1619(b) eligibility is applied to eligible couples.

Income Issues and Incentives

Ease the SGA Cash Cliff for DI Beneficiaries—Congress should modify the current Title II disability legislation to eliminate SGA as a post-entitlement consideration for continued eligibility for Title II disability benefits and provide for a gradual reduction in DI cash benefits based on increases in earned income.

Reduce Restrictions on Assets for SSI Beneficiaries—Congress should direct SSA to (1) develop and test program additions and regulatory modifications that will enable SSI beneficiaries to accumulate assets beyond existing limits through protected accounts and other savings programs, and (2) change current program rules and work with other federal agencies to modify and expand the value of individual development account (IDA) programs to SSA beneficiaries.

Decrease the Complexity of the DI/SSI Program Rules Governing Income and Resources—Congress should direct SSA to (1) simplify regulatory earnings definitions and wage verification processes so that they are consistent across the SSI and DI programs, and (2) direct SSA to modify regulations related to the treatment of earnings in the DI program by applying the same rules currently applied in the SSI program.

Coordination and Collaboration Among Multiple Public and Private Systems

Health Care Systems—Centers for Medicare and Medicaid Services (CMS) and SSA should work together closely to (1) modify existing program regulations in order to uncouple Medicare and Medicaid coverage from DI/SSI cash payments; (2) identify and eliminate the many employment disincentives currently built into the Medicaid waiver, Medicaid buy-in, and Health Insurance Premium Payment (HIPP) programs; (3) expand benefits counseling services to include the full range of financial education and advisement services; and (4) work collaboratively with public and

private insurance providers and business representatives to design public-private insurance partnerships that will expand access to health care for individuals with disabilities.

Vocational Rehabilitation (VR) System—SSA should modify TTW program regulations to allow the SSA's traditional VR cost reimbursement program to carry on as a parallel program to the Employment Network (EN) outcome or outcome-milestone payment mechanisms, and ensure that an EN is able to accept Ticket assignment from a beneficiary, refer that individual to the VR agency for needed services, and not be required to reimburse the VR agency for those services.

Federal Employment and Training System—Congress, SSA, and the Department of Labor should undertake an analysis of the impact of allowing DOL One-Stop Career Centers to receive cost reimbursement payments for successfully serving beneficiaries under the TTW program, evaluate the impact of the Workforce Investment Act (WIA) performance standards on beneficiary participation in WIA programs, and design and test a set of waivers that will assist beneficiaries in accessing and benefiting from WIA core and intensive services, as well as individual training accounts.

Educational System—Congress should direct SSA to work with the Department of Education (ED) to (1) ensure that benefits planning and financial management services are available to the transition-aged population; (2) expand the current student earned income exclusion (SEIE) and the Plan for Achieving Self-Support (PASS) to encourage involvement of SSA beneficiaries in postsecondary education and training; and (3) implement a policy change that would disregard all earned income and asset accumulation limits for beneficiaries who are transitioning from secondary education to postsecondary education or employment for at least one year after education or training is completed.

Employers, Business Community, and Private Insurance Industry—Congress should direct SSA and the Department of the Treasury to (1) evaluate the possible effects of a disabled person tax credit as a means of increasing the use of disability management programs in business to prevent progression of injured and disabled workers onto the public disability rolls, and (2) collaborate with Department of Labor's Employment and Training Administration (DOLETA), the Small Business Administration (SBA), and the Rehabilitation Services Administration (RSA) to develop and implement an employer outreach program targeted toward small and mid-size businesses.

Statement of Hal Daub, Social Security Advisory Board

Chairman McCrery, Representative Levin, Members of the Subcommittee. I am pleased, as Chairman of the Social Security Advisory Board, to submit to you this statement concerning the Service Delivery Challenges that now face the Social Security Administration.

This is a timely and important hearing. I think most Americans are aware of the Social Security Administration in much the same way that we are aware of the sun in the sky. If asked, we would, of course, say that we know it exists and that it is important to the proper functioning of our lives, but we mostly just expect it to be there and to operate smoothly. When we need a Social Security number, we expect to be able to get one. As we work, we expect that our wages will be properly tracked. Those who are retired and drawing benefits expect them to be paid in the right amount and at the right time. Those who become disabled or suffer the loss of a breadwinner expect that they can turn to the agency and have their eligibility accurately and promptly adjudicated.

To a very great extent, the Social Security Administration lives up to and, in many cases, exceeds these expectations. As an excellent example, I would mention last year's hurricanes. We all have heard a great deal about the things that went wrong. But one of the things that went right was the way that the Social Security Administration responded to that crisis by making extraordinary efforts that kept its payments and other services flowing to the affected population.

But while the Social Security Administration and its employees have a well-deserved reputation as a "can-do" organization that handles both routine and crisis challenges with efficiency and great commitment to public service, it is also very much a large scale production operation that cannot meet all of its challenges adequately unless it is given adequate resources to do so.

The massiveness of the agency's routine operations is, I think, not well understood. It provides benefits to over 53 million Americans every month. Now that may not seem like such a big challenge. The largest part of that workload is retirement

benefits and most of those now are paid by direct deposit rather than by physical checks. But, that is not really a static workload. People move. People die. Family circumstances that affect entitlement can change. People in certain categories have benefits that may vary from month to month depending on their earnings or income. The Social Security Administration has to keep track of these changes, update its benefit rolls, send out explanations, handle phone inquiries and office visits asking about these changes. On a typical day, the agency has to process more than 300 thousand actions of this kind.

Beyond maintaining the benefit rolls, one of the most important things that the Social Security Administration does is to handle new claims. And again, the magnitude of this operation is so large that it is difficult to comprehend. Every week, the agency gets something like 150 thousand new benefit claims. That's about 8 million per year. Now the Social Security Administration has done an excellent job of leveraging technology to help it handle this huge workload. Lots of information is available on its website to help people understand what benefits there are and how to claim them. More and more of these claims are actually being filed on the Internet and those who do not have Internet access—or, perhaps, do not trust it—can often file their claims by telephone. However, technology can take you only so far. For most of us, reaching the age for claiming Social Security benefits is an important life event, and many want to go to their local Social Security field office to talk with a human being and make sure they are making the right choices. And, even for retirees, there are important choices in this very complex program. Between age 62 and 70, how much your permanent benefit rate will be depends on just which month in that period you choose to have it start. If you are under 66, the amount you work may affect your benefits. And Social Security also handles your choice of whether or not to enroll in Part B of Medicare when you reach age 65. So even the so-called “simple claims” are not so simple.

But it is in the disability area that the Social Security Administration faces the most significant administrative challenges. A disability claim—and there are about 2.5 million of them each year—is inherently far more complicated than other claims. For retirement and survivors claims the availability and evaluation of evidentiary factors is generally straightforward: age, relationship, the fact of death—all, generally, can be shown by official records, and wage history information is maintained in the agency's own databases. But a disability claim involves a complex interview where the claimant explains the nature of the impairment and why he or she thinks it prevents employment. The claimant's prior work history and educational background also must be recorded. All the doctors and hospitals and clinics that have provided treatment are contacted to provide their medical findings. In many cases, the claimant will be asked to undergo a medical examination by an agency consultant. The claim passes through many hands. Generally, it is filed and the initial interview conducted at an SSA field office. It then goes to a State disability determination agency which gathers the evidence so that a lay disability examiner and a medical professional can jointly decide whether the claimant meets the statutory definition of disability. Because disability is often not clear cut, a large portion of claims go on to a lengthy appeals process that may involve a reconsideration by the State agency, a hearing before an administrative law judge, further administrative review by the Appeals Council, and, in a relatively small but still significant number of cases, review by a Federal District Court.

Again, the agency has been making strong efforts to increase its efficiency in handling this difficult and complex caseload. Even as millions of claims continue to come in the door, it undertook over the past couple years to develop a sophisticated new electronic processing system for disability claims which should, when fully implemented, reduce the costs of handling, storing, and transporting the bulky paper claims folders previously used. This new “eDib” system also holds promise of improving the agency's ability to process claims and implement effective quality management measures. But still, the nature of the program will continue to involve the labor-intensive functions of identifying, gathering, and evaluating evidence for a necessarily subjective determination. The agency has been able to make impressive productivity gains over the past several years, but with the baby boom generation now approaching its most disability prone years, the administrative challenge will continue to grow.

So adequate resources will always be an important factor in the Social Security Administration's ability to meet its administrative challenges. And, despite its significant record of achievement, it does not now have adequate resources to keep up with all its workloads.

In 1994, Congress decided that the Social Security Administration should become an independent agency of the government. In the legislation that Congress and the President enacted into law, you gave the Commissioner the responsibility of drawing

up budgets based on the agency's workforce needs and required that these be submitted to the Congress along with the President's request. Based on this requirement, the Social Security Administration has been submitting budgets which would allow it to gradually bring down its backlogs to normal levels. The pattern has been for the President's budget to include much, but not quite all, of the requested funding, and for the Congress to appropriate at a level below the President's recommendation. For the current fiscal year, for example, the Social Security Administration told Congress that a service delivery budget level of \$10.1 billion was the amount needed to meet its ongoing responsibilities including a glide path to the elimination of backlogs. The President recommended that Congress allow \$9.4 billion. And the actual administrative funding level approved by the Congress was \$9.1 billion.

The Social Security Administration does its best to continue to provide a high level of public service with the resources it does receive. But, when resources are not adequate, workloads will and do suffer. This obviously puts the Commissioner of Social Security into a difficult position of deciding what gets done and what gets left undone. Some things that get left undone are important stewardship activities. Some of those who go on the disability rolls will recover, but it takes resources to carry out continuing disability reviews. Some of those who are needy and apply for Supplemental Security Income will have changed circumstances that lessen (or perhaps increase) their entitlement. It takes resources to conduct redeterminations. The actuaries have found that a dollar spent on disability reviews yields ten dollars in long-term benefit savings and a dollar spent on SSI redeterminations has a sevenfold return on investment. So failing to provide adequate resources to carry out these stewardship responsibilities really is not beneficial to either the Federal budget or the trust funds.

But it is not just stewardship that suffers when resources are inadequate. Members of the public coming into Social Security offices to do business such as filing a claim or getting a Social Security card find themselves waiting longer than necessary. Telephone calls, especially those to field offices with inadequate staff and obsolete equipment, are not answered and voice mail messages are not returned promptly and, in some cases, are not returned at all.

Again, it is in the complex and difficult disability area that service to the public especially suffers when resources are insufficient to enable the agency to keep up with growing workloads. The number of initial disability claims awaiting a decision is over 650,000 and growing. In 1980, Congress directed SSA to promulgate performance standards for State Disability Determination Services. SSA's regulations set a target average processing time for Social Security disability claims of 37 days with 50 days as the outside threshold of what is "acceptable." In the past three months, the average time was over 92 days.

The situation in the hearings process is even more serious. At the end of 1999, there were 265,000 Social Security claimants awaiting a hearing on their appeals. By the end of 2003, that had more than doubled to 556,000. And the backlog continues to grow. It is now over 725,000 and by the end of this fiscal year will reach 756,000. That is three-quarters of a million Americans with severe disabilities who have already waited 3 or 4 months to get a decision on their claim and will now face, on average, another year and a quarter awaiting a decision on their appeal. And most of them will ultimately be found eligible.

So, just to carry out its basic ongoing responsibilities, the Social Security Administration must have adequate resources. But even as it struggles with a less than optimal funding level and still attempts to make those investments in technology and improvements in process that will make it better able to cope efficiently with its workloads, SSA finds its workloads growing because the public and the Congress tend to look to this "can do" agency when new needs arise. The public expected and received extraordinary efforts from the Social Security Administration when the hurricanes were shutting down many other services. The agency met the challenge, but at a cost. Last year's hurricanes absorbed an unplanned for expenditure of over \$70 million that will reduce the agency's capacity to use overtime for some of its ongoing workloads. A few months back, the period for enrollment in the new Medicare prescription drug program began. Even though this was not properly a Social Security Administration responsibility, the agency has a presence in the community and is trusted as a source of information. As a result, its field offices were swamped with visitors and its 800 number experienced a huge spike in calls. Again, this absorbed resources that reduce the agency's ability to do its own work. In 2004, legislation was enacted requiring increased evidentiary standards for issuing new and replacement Social Security cards. This does not sound like a huge burden, but the agency processes 18 million cards each year. Field offices tell us that many of those

who visit the office for a Social Security card now need to make a return visit to bring additional documents.

Legislation has been passed by the House that would mandate that employers verify the accuracy of the Social Security numbers presented to them by their workers. If Congress ultimately does decide to take this step or some variant of it, it is important to be aware that this does represent another administrative challenge for the Social Security Administration. The challenge is not so much in setting up and operating the verification system itself—the agency already provides such services on a voluntary basis—but rather in the spillover impact as Social Security deals with the many cases where the verification will be negative and workers will need to straighten out their records. This certainly may have some beneficial results in terms of reducing the amount of wages that cannot now be properly credited, but, like all administrative burdens, it is not free. It will take administrative resources, and unless those are provided, it will detract from the ability of the agency to provide other services to the public.

I would like to take a moment to discuss the administrative challenges that the Congress placed upon the Social Security Administration in connection with the Medicare prescription drug program. Recognizing Social Security's presence in American communities and its reputation for providing effective and efficient public service, you gave it the responsibility for soliciting and adjudicating applications for the extra assistance provided to lower income beneficiaries in meeting their prescription drug costs. But you very wisely, I believe, recognized that this would be a significant administrative challenge and, to avoid an adverse impact on the agency's other important workloads, you included additional administrative funds as an integral part of the same legislation that gave the Social Security Administration this new mandate. I think that should become a model for the future and one that you should insist that other Committees follow if they propose changes that have the effect of increasing the Social Security Administration's administrative tasks.

In reports issued by the Social Security Advisory Board in 1999 and again in 2002, the Board urged that the administrative budget for the Social Security Administration should be "excluded from any cap that sets an arbitrary limit on discretionary spending." We also said that the Board does not in any sense mean that the agency's budget should be exempt from close scrutiny by the Congress. The Social Security program and the Social Security trust funds are very important to the workers who bear the burden of paying Social Security taxes and to the beneficiaries who depend upon the program for economic security. The Congress has a responsibility to assure both that this core responsibility of government is adequately resourced and efficiently carried out and that proper levels of benefit and administrative expenditure are maintained. Unfortunately, there is a shortcoming in our current budgetary processes that seems to result in the worst of both worlds. In a more rational process, the agency would be able to devote sufficient resources to its stewardship responsibilities to generate a reduction in improper payments that could in turn be redirected to carrying out its responsibilities for providing excellence in all aspects of its service to the public. I would urge the Subcommittee to find ways to resolve this problem.

Statement of Social Security Disability Coalition, Rochester, New York

As a Social Security Disability and Medicare recipient myself, I wish to discuss below my concerns on how Social Security service delivery challenges affect those two programs.

Social Security Disability Program Issues

As a person who has gone through the Social Security Disability process myself, I know first hand the financial, physical and emotional devastation that the current SSDI process can cause. As President/Co-Founder of the Social Security Disability Coalition and author of the Social Security Disability Reform Petition, I see on a daily basis the devastating affect, that problems with this program, has on others all over the country. I believe that many of the problems an SSD/SSI applicant faces are due to insufficient staffing levels and poor training of current staff. Since our lives are most directly affected by the inadequacies of the SSA, and must deal with the consequences when it does not function properly, we know first hand where the problems are, and the possible solutions to correct them. SSA customer service is extremely poor and in major need of improvement across the board. The Social Security Disability claims process in particular, which should be done quickly, easily,

with the utmost respect and compassion for this nation's most fragile population, has instead turned into one of dread, tedium, disrespect and devastation. Here is just a small sampling of the constant complaints we receive and issues we face when applying for our SSD/SSI benefits:

- Severe understaffing of SSD workers at all levels of the program
- Extraordinary wait times between the different phases of the disability claims process
- Employees not returning calls, outright refusing to provide information to claimants (due to high work volume/stress levels?)
- Employees greatly lacking in knowledge of Social Security/Federal Regulations—including Freedom of Information Act, Privacy Act, SSD Pre-Hearing review, and hearing on the record processes (due to poor training?)
- Complaints of lack of attention or totally ignoring—claimants concerns and medical records provided (due to high work volume/stress levels?)
- Claimants getting conflicting/erroneous information depending on whom they happen to talk to at Social Security—causing confusion for claimants and major problems including improper payments and financial penalties (due to poor training?)
- Fraud on the part of DDS/OHA offices, ALJ's, IME's—purposely manipulating/ignoring information provided to deny claims (rubber stamping of denials to move paperwork off their desks due to high volume of claims and not enough workers?)
- Complaints of lost files and files being purposely thrown in the trash (moving paperwork off their desks due to high volume of claims and not enough workers?)
- Complaints of having other claimants information improperly filed/mixed in where it doesn't belong causing breach of security (high stress/work volumes can lead to increased mistakes by workers)
- Complaints of backlogs at payment processing centers for initial payments once claim is approved (not enough workers?)
- Employees being rude/insensitive to claimants (due to high stress levels?)
- Poor/little coordination of information between the different departments and phases of the disability process

These complaints refer to all phases of the SSD process including local office, Disability Determinations, Office of Hearings and Appeals, Payment Processing Centers and the Social Security main office in MD (800 number).

High priority should be given to increase SSA staffing levels, and provide better employee training, in all phases of the disability process, especially in the initial contact phases with field offices and DSS offices across the board. Instead we are hearing that staff levels are being reduced as backlogs in the system are increasing! We fear that inadequate staffing levels and increased work load have caused and will continue to cause "rubber stamping" of SSD case denials across all phases of the disability program in order to meet paperwork processing goals. Another fear is that we will again experience the "disappearance" or dumping of case files as was discovered in Milwaukee a few years back.

From GAO/T-HEHS-00-22-10/21/99—SSA Has Had Mixed Success In Efforts To Improve Caseload Management:

"The cost of administering the disability programs reflects the demanding nature of the process: in fiscal year 1998, SSA spent about 4.3 billion, or almost 66 percent of its administrative budget on its disability programs, even though disability beneficiaries are only 21 percent of the agencies total number of beneficiaries."

"The disability process has proved to be a lengthy one that can confuse and frustrate applicants. Since the early 1990's, claimants applying for disability benefits have had to wait over a year for a final decision on their eligibility."

". . . because of the multiple levels and decision points in the process, a great deal of time can pass while a claimant's file is passed from one SSA employee or office to another. Moreover as a result of these multiple handoffs, and the general complexity of the process, SSA believes claimants have had difficulty obtaining meaningful information about the status of their claims."

"Long-standing problems with this process were exacerbated when the number of claims for disability benefits increased dramatically between fiscal years 1991 and 1993—from about 3 million to 3.9 million, or almost 32 percent. As a result, SSA's disability workload began to accumulate during this period. Most dramatically, the number of pending hearings almost doubled between 1991 and 1993 from 183, 471 to 357,564."

“At the end of 1998, there were still over 380,000 backlogged hearings. Moreover, SSA expects claims to begin to increase in the near future as the baby boom generation approaches its disability-prone years.”

“The current process also permits inconsistent decision between the initial and appeals levels. In 1996, about two-thirds of all those whose claims were denied at the reconsideration level filed an appeal, and of these, about 65 percent received favorable decisions at the hearing level. SSA has determined that at the initial level, denial cases are more error-prone than are allowance cases.

“This inconsistency of decisions has raised questions about the fairness, integrity, and cost of SSA’s disability program. In fiscal year 1998, the cost of making a determination at the DDS level was \$547 per case, while the cost of an ALJ decision was an additional \$1385.”

From—20 CFR Parts 404, 405, 416, and 422

Administrative Review Process for Adjudicating Initial Disability Claims—

Final Rule

RIN 0960-AG31

<http://a257.g.akamaitech.net/7/257/2442/01jan20061800/>

edocket.access.gpo.gov/2006/06-3011.htm

[Federal Register: March 31, 2006 (Volume 71, Number 62)]

[Rules and Regulations]

[Page 16423-16462]

From the Federal Register Online via GPO Access [wais.access.gpo.gov]

[DOCID:fr31mr06-22]

Part II—20 CFR Parts 404, 405, 416, and 422

During the five decades that have elapsed since its enactment, the DI program has provided many millions of disabled American workers and their families with critically needed income support. The SSI program, enacted 34 years ago, has similarly helped many millions of low income disabled individuals meet their basic needs. These two programs are a vital part of the nation’s social insurance and income support systems. The number of disability beneficiaries in our programs has grown significantly over the years. In January 2005, nearly eight million disabled workers and their dependents received DI benefits, double the number of beneficiaries in 1985 (about a 100% increase). Nearly six million disabled adults and children received SSI disability payments, more than double the number in 1985 (a 130% increase). The adjudication of disability claims now constitutes the major part of our workload and nearly every one of our components has a role in administering the disability programs. In fiscal year 2005, the State disability determination services (DDSs) processed more than 2.6 million initial claims for DI benefits and SSI based on disability or blindness. Our hearing offices processed approximately 500,000 disability claims on behalf of claimants who appealed their denials.

Yet with these numbers there is talk of cutting staff levels even further? I am sad to say that since these reports were originally released, that things have gotten much worse by far, and the outlook, even with the institution of the SSA Commissioner’s new regulations, is extremely grim.

Medicare Program Issues

In a recent GAO report GAO-06-715T—Quality of CMS Communications to Beneficiaries on the Prescription Drug Benefit Could Be Improved—released on 5/4/06, those eligible for Medicare Part D are experiences serious problems due to poor service delivery. One-third of calls to the 1-800-MEDICARE Help Line received inaccurate, incomplete or inappropriate responses. Some callers had to wait up to 55 minutes to get through before actually speaking to someone (based on 500 calls made by GAO).

Another GAO report GAO-05-130—Accuracy of Responses from the 1-800-Medicare Help Line Should Be Improved—released on 12/8/04, 29% of calls received an inaccurate response and 10% received no response at all (based on 420 calls in July 2004). This report also states that “Training for CSR’s meets CMS’s requirements, but is not sufficient to ensure that CSR’s are able to answer questions accurately on the help line.”

Since Medicare penalizes beneficiaries who do not meet sign up guidelines and deadlines for the rest of their lives, these mistakes create a serious financial burden on those who can least afford it. Personally, my own mother has been forced to pay higher Medicare premiums for the rest of her life now, because of the inaccurate Medicare information she received. We taxpayers should not have to pay for the mistakes of poorly trained government employees.

In an effort to correct some of these problems I suggest the following be done immediately:

Congress needs to increase funding for all Social Security/Medicare programs so more properly trained staff are put in place to handle the increased work load that the Social Security/Medicare programs are facing. The number of people eligible for these benefits is only going to increase over time as the American population ages at a faster pace compared to decades of the past.

Since millions of disabled and elderly Americans rely on Social Security Disability, SSI, SS retirement benefits and Medicare as their sole source of income, health insurance and prescription coverage, it is imperative that Congress act immediately to make sure that these programs are administered with the highest priority in regards to expediency, efficiency and accuracy. Anything less than that could result in disaster, even death for this very fragile population.

A major bottleneck in the disability process is the state DDS offices and their inability to process SSD/SSI claims properly. As a result these Federal regulations are constantly being violated on a daily basis:

Code Of Federal Regulations Part 404—Federal Old-Age, Survivors And Disability Insurance (1950—):

404.1642 Processing time standards http://www.ssa.gov/OP_Home/cfr20/404/404-1642.htm

(a) General. Title II processing time refers to the average number of days, including Saturdays, Sundays, and holidays, it takes a State agency to process an initial disability claim from the day the case folder is received in the State agency until the day it is released to us by the State agency. Title XVI processing time refers to the average number of days, including Saturdays, Sundays, and holidays, from the day of receipt of the initial disability claim in the State agency until systems input of a presumptive disability decision or the day the case folder is released to us by the State agency, whichever is earlier.

(b) Target levels. The processing time target levels are:

(1) 37 days for title II initial claims.

(2) 43 days for title XVI initial claims.

(c) Threshold levels. The processing time threshold levels are:

(1) 49.5 days for title II initial claims.

(2) 57.9 days for title XVI initial claims.[46 FR 29204, May 29, 1981, as amended at 56 FR 11020, Mar. 14, 1991]

404.1643 Performance accuracy standard http://www.ssa.gov/OP_Home/cfr20/404/404-1643.htm

(a) General. Performance accuracy refers to the percentage of cases that do not have to be returned to State agencies for further development or correction of decisions based on evidence in the files and as such represents the reliability of State agency adjudication. The definition of performance accuracy includes the measurement of factors that have a potential for affecting a decision, as well as the correctness of the decision. For example, if a particular item of medical evidence should have been in the file but was not included, even though its inclusion does not change the result in the case, that is a performance error. Performance accuracy, therefore, is a higher standard than decisional accuracy. As a result, the percentage of correct decisions is significantly higher than what is reflected in the error rate established by SSA's quality assurance system.

(b) Target level. The State agency initial performance accuracy target level for combined title II and title XVI cases is 97 percent with a corresponding decision accuracy rate of 99 percent.

(c) Intermediate Goals. These goals will be established annually by SSA's regional commissioner after negotiation with the State and should be used as stepping stones to progress towards our targeted level of performance.

(d) Threshold levels. The State agency initial performance accuracy threshold level for combined title II and title XVI cases is 90.6 percent.

To date the Social Security Administration has determined that it can take up to 1153 days (3¼ years) for a claim to be processed if it is denied at every level which often occurs. The SS Commissioner has stated that she hopes to reduce that wait time by 25% or down to 2¼ years, yet she has passed regulations which will force thousands more into the already backlogged Federal Court system which could end up increasing wait times to even longer than the 3¼ years. This is appalling, and shows that she is totally out of touch with the realities that disability applicants face. I am sure that if she, or anyone else in the Federal government had to endure living under the conditions that a 2¼ year or longer wait time for benefits brings, in addition to the hardships caused by one's disabling conditions, they could not fix the system fast enough.

We ask that the SSA create the position of Disability Claims Manager—New decision maker position to combine the disability claims responsibilities of SSA field office personnel with DDS staff and that position be a Federal employees instead of State contract employee to insure proper training and consistency of operations and disability decisions throughout the country. It is more than apparent that the states have been greatly lacking in their duties of processing SSD/SSI claims in a swift and proper manner.

In order to correct these Federal regulation violations and speed up the claims process, more effort should be made to thoroughly review a disability claim at the start, giving more proper weight to claimants treating physicians opinions and medical records, which is part of Social Security law, but is often not followed when making decisions throughout the claims process. Too much weight at the initial time of filing, is put on the independent medical examiner's and SS caseworker's opinion of a claim. The independent medical examiner only sees the claimant for a few minutes and has no idea how a patient's medical problems affect their lives after only a brief visit with them. The caseworker at the DDS office never sees a claimant. Often claimants are sent to doctors who are not even qualified to comment on a patient's disabling conditions as their medical expertise is not appropriate for the conditions that the claimant has. In cases where SSD required medical exams are necessary, they should only be performed by board certified independent doctors who are specialists in the claimant's disabling conditions (example—Rheumatologists for autoimmune disorders, Psychologists and Psychiatrists for mental disorders). Independent medical exams requested by Social Security must only be required to be performed by doctors who are located within a 15 mile radius of a claimants residence. If that is not possible—Social Security must provide for transportation or travel expenses incurred for this travel by the claimant. If more attention was given to the patient's treating physician's reports and test results, it would cut down on the need for SS to spend money on Independent Medical examinations. When an IME is necessary, sending the claimant to a proper IM examiner for their conditions, would save time and money for the SSA and reduce unnecessary stress to the claimant, instead of wasting these resources on unqualified examiners. We also agree with the establishment of a Federal Reviewing Official (RO) level of review, that would issue decisions based on review of record. As mentioned previously, we feel that currently not enough time is spent looking at the medical records supplied by applicants and this results in premature denials and more ALJ hearings.

There should be more effort on the part of SS to assist applicants throughout the entire disability claim process, including ongoing contact with claims examiners and assistance with developing the medical file to ensure all pertinent medical evidence is in the file. We ask that Congress institute some new requirements. First, review of records by a claimant should be available at any time during all stages of the SSD/SSI determination process, not only after a case is denied the first time, which is currently the case. Also before a denial is issued at any phase of their claim, the applicant must be contacted immediately, and given a detailed report as to why a denial might be imminent, who made the determination, and a phone number, fax number and address, where ALL the sources being used to make the judgment can be contacted. This way for anything that the SSA file is missing, or inaccurate information was given, the applicant can now provide the missing or corrected information before a determination is made. We also ask that when a denial is imminent, that the applicant be given an additional 3 week time period to submit new evidence in order to further prove their disability status. Currently, SSD/SSI cases take so long to process, that a majority of claimant's conditions worsen from the time it takes to initially file a claim, until a final decision is made on it. Since claim status is very hard to track throughout the claims process, it makes it very difficult for applicants to submit new evidence to further prove their disabilities as their health conditions deteriorate over time. Ease of claim status tracking and better communication throughout the claims process would eliminate many cases from having to advance to the hearing and appeals phase, which again would save the SSA time and money to be used elsewhere in the system.

The Federal quality review process often adds at least an additional 4 week waiting period to claims processing, and often targets approvals rather than denials and in the future should focus more on why cases are denied rather than approved. To better streamline and to further speed up the claims process—the DRB (Decision Review Board and Federal Quality Review processes should be combined.

More Federal funding is necessary to create a universal network between Social Security, SSD/SSI and all outlets that handle these cases so that claimant's info is easily available to caseworkers handling claims no matter what level/stage they are at in the system. Even with the institution of E-Dib there are still many problems in this area. All SSA forms and reports should be made available online for claim-

ants, medical professionals, SSD caseworkers and attorneys, and be uniform throughout the system. One universal form should be used by claimants, doctors, attorneys and SSD/SSI caseworkers, which will save time, create ease in tracking status, updating info and reduce duplication of paperwork. Forms should be revised to be more comprehensive for evaluating a claimant's disability and better coordinated with the SS Doctor's Bluebook Listing of Impairments.

A majority of SSD claimants are forced to file for welfare, food stamps and Medicaid, another horrendous process, after they have lost everything due to the inadequacies in the Social Security Disability offices and huge claims processing backlog. Congress should pass regulations that all SSD/SSI case decisions must be determined within three months of original filing date. When it is absolutely impossible to do so, a maximum of six months will be allowed for appeals, hearings etc—NO EXCEPTIONS. Failure to do so on the part of the SSA, will constitute a fine of \$500 per week, for every week over the six month period—payable to claimant in addition to their awarded benefit payments, and will be paid immediately along with their retro pay upon approval of their claim. In addition the SSA will also be held financially responsible for approved claimants who lose property, automobiles, IRA's, pension funds, who incur a compromised credit rating or lose their health insurance as a result of any delay/failure to fully process their claim within the initial allotted three month processing period. If a claimant is denied during the three month period but appeals and is finally found to be disabled SSA must retro equivalent compensation of losses incurred by the claimant from original disability date of eligibility.

Institute a lost records fine—if Social Security loses a claimants records or files an immediate \$1000 fine must be paid to the claimant. Fines of this nature would dramatically cut down the number of lost files by the SSA.

We are not in favor of any changes that would result in more hearings, lesser back payments or a greater reliance on attorneys for claimants to receive benefits. The claims process should be set up so there is no need whatsoever for claimant paid legal representation when filing for benefits and very little need for cases to advance to the hearing and appeal stage since that is where the major backlog and wait time exists. A great number of ALJ decisions are currently appealed due to rampant bias against claimants, fraudulent behavior and poor performance by the ALJ's currently serving. The need of lawyers/ reps to navigate the system and file claims, and the high SSD cap on a lawyer's retro commission is also a disincentive to expeditious claim processing, since purposely delaying the claims process will cause the cap to max out—more money to the lawyer/rep for dragging their feet adding another cost burden to claimants. Instead, SS should provide claimants with a listing in every state, of FREE Social Security Disability advocates/ reps when a claim is originally filed in case their services may be needed.

The current continuing disability review/CDR process in itself—the threat of possible benefits cut off, and stress of a review by Social Security again, is very detrimental to a patient's health. Many who under SS guidelines, still qualify for benefits are being forced into hearing situations and overpayment issues due to mistakes or outright fraud on the part of the SSA, which cuts them off from receiving their vital benefits. Many people suffer from chronic conditions that have NO cures and over time these diseases grow progressively worse with no hope of recovery or returning to the work force. This factor needs to be taken into consideration when reforming the CDR process. In those cases, total elimination of CDR's should be considered or a longer period of time between reviews such as 10–15 years rather than every 3–7 years, which is currently the case. This would save the SSA a great deal of time, money and paperwork which could then be used to get new claimants through the system faster. It is often said that these reviews are done to prevent fraud. Nobody in their right mind would want to live under the conditions that the majority of SSD claimants and recipients are forced to endure. Most would much rather have their health back and the jobs that once had before their lives were changed by illness or accidents.

The Ticket To Work program needs to be revised—SSA forces the disabled to go through years of abuse trying to prove that they can no longer work ANY job in the national economy due to the severity of their illnesses in order to be approved for benefits. Then, sometimes weeks after they are finally approved for SSD/SSI benefits, after their health and finances have been totally destroyed beyond repair, they receive a "Ticket To Work" packet in the mail. A cruel joke to say the least, and a total waste of SS funds. It is no wonder why many disabled Americans distrust the Federal Government! If more resources were put into processing disability claims faster, the chances of possible health improvement and eventual return to any sort of work activity would be greatly increased.

Congress needs to pass regulations now that prevent tax payer contributions and SS budgets for Social Security programs to be used for anything else other than to pay Social Security benefits and funds necessary to administer its programs properly.

Currently disabled Americans are forced to wait 2 years to be covered under Medicare A, B, or D. Congress needs to legislate a change to remove the 24 month waiting period so that coverage under all parts of Medicare would start immediately for ALL SSDI/SSI recipients, upon disability date of eligibility.

Congress should pass legislation to remove ALL late enrollment penalties for ANY part (A, B, or D) of the Medicare program. Medicare is supposed to be there to keep people healthy, not force them into having coverage, and penalize them into poverty for the rest of their lives, if they miss a sign up deadline. Medicare should be a healthcare program that rivals any private insurance coverage offered, and one that people would rush to sign up for on their own without the fear of penalties.

Until these issues are addressed, disabled Americans will continue to suffer at the hands of a Federal government program that was originally put in place to help, not harm them. Current census data states that 18% of the US population is disabled and surely that number will continue to rise. As we head into a crucial election time in November, it is extremely important for the current and future members of Congress to take our concerns very seriously. We may be disabled but we still vote!

Social Security Disability Reform Petition—read the horror stories from all over the nation:

<http://www.petitiononline.com/SSDC/petition.html>

Social Security Disability Coalition—offering FREE knowledge and support with a focus on SSD reform:

<http://groups.msn.com/SocialSecurityDisabilityCoalition>

Please check out my website at:

<http://www.frontiernet.net/~lindafl/bump.html>

“I am disabled and my vote counts too!”

