

SOCIAL SECURITY ADMINISTRATION

Since 2001, the Administration:

- Decreased average processing time for initial disability claims from 106 to 97 days;
- Developed an electronic disability folder system, to be launched in January 2004, that will reduce delays in creating, locating, and transporting paper files;
- Expanded online service options on *www.socialsecurity.gov* that are secure, citizen-friendly, and available 24 hours a day; and
- Achieved the highest score (green) for the President's Management Agenda initiative on financial management, demonstrating that it is an effective steward of the Social Security trust funds.

The President's Budget:

- Increases SSA administrative funding by 6.8 percent from 2004 to maintain excellent service to the public and decrease hearing backlogs in the face of growing workloads;
- Enables the Social Security Administration to help administer the new Medicare prescription drug benefit;
- Combats identity fraud; and
- Continues to increase productivity by at least two percent.



Commissioner Barnhart reviews information with an employee of the Brooklyn Social Security Card Center.

Social Security Administration

Jo Anne B. Barnhart, Commissioner

www.socialsecurity.gov 800-SSA-1213

Number of Employees: 65,000

2005 Discretionary Budget Authority: \$9.1 billion

Field Offices: 1,336

OVERVIEW

The Social Security Administration (SSA) touches the lives of nearly everyone in America by issuing Social Security numbers, maintaining earnings records used to calculate Social Security benefits, and administering the benefit programs. SSA provides financial support to older Americans, Americans with disabilities, and their dependents. SSA manages the Old-Age, Survivors, and Disability Insurance (DI) programs, universally known as Social Security. SSA also runs the Supplemental Security Income (SSI) program for low-income aged and disabled persons.

SSA promotes fiscal responsibility by assisting beneficiaries who want to work to reduce their reliance on disability benefits, and by ensuring that payments only go to individuals who should get them. For the disability programs in particular, determining initial or continuing eligibility is often a complex task that requires analyzing detailed medical and financial information. The Program Assessment Rating Tool (PART) shows that SSA needs to improve the accuracy of DI decisions. SSA is developing proposals that would redesign the disability claims process and improve accuracy. To address SSI payment accuracy issues as identified by the PART, SSA is pursuing program simplification and other strategies.

As the retirement of the baby boom generation draws near, SSA will face the task of serving record numbers of beneficiaries and maintaining program integrity at the same time that a large portion of SSA’s own workforce will be retiring. An important responsibility of SSA is public education about the choices that must be addressed to strengthen Social Security’s long-term financial condition. A further long-standing challenge is the time and expense involved in processing claims for disability benefits, and, in particular, appeals of unfavorable decisions. To meet these challenges, SSA is improving service with new business processes and using technology to become more efficient.

Another important task of SSA is to insure the Nation’s security by protecting against identity theft and misuse of Social Security numbers. In addition, SSA is facing new responsibilities as it prepares to play an important role in the implementation of the Medicare prescription drug law recently signed by the President. For example, SSA will help determine eligibility for subsidies for the drug benefit for low-income seniors.

The 2005 Budget includes resources to increase productivity in public service areas, detect and prevent erroneous payments, and effectively handle increasing workloads. With this Budget, SSA expects to achieve the performance targets outlined in the accompanying table that will ensure that citizens get decisions on their cases in an accurate and timely manner.

Measures	2003 Actual	Goals	
		2004	2005
Productivity			
SSA Hearing Decisions, Per Worker Per Year ¹	103	105	107
Disability Decisions, Per Worker Per Year	270	272	274
Timeliness (in days)			
Average Processing Time for Initial Disability Claims	97	97	97
Average Processing Time for Hearing Decisions	344	377	344
Accuracy			
Disability Determination Services Accuracy Rate.....	NA	97%	97%
Accuracy Rate for Hearings Decisions	NA	90%	90%

¹ In 2003, an SSA worker on average made 103 hearing decisions. The higher the number in a given year, the greater the productivity.

CITIZEN-CENTERED SERVICE

Enhancing Service Through Technology

In 2005, the disability claims process will become more efficient as the agency replaces its paper-driven process with an electronic one. The electronic disability claims filing process is expected to reduce processing time significantly over the long term. In the paper-driven process, when a claimant requests a hearing, it often takes more than a month simply to locate the claimant's folder and deliver it to the appropriate hearing office. That will change with the new paperless process, and costs related to locating, mailing, and storing paper files will be significantly reduced.



When the electronic disability claims process is fully implemented, SSA will no longer create, mail, and store paper disability folders.

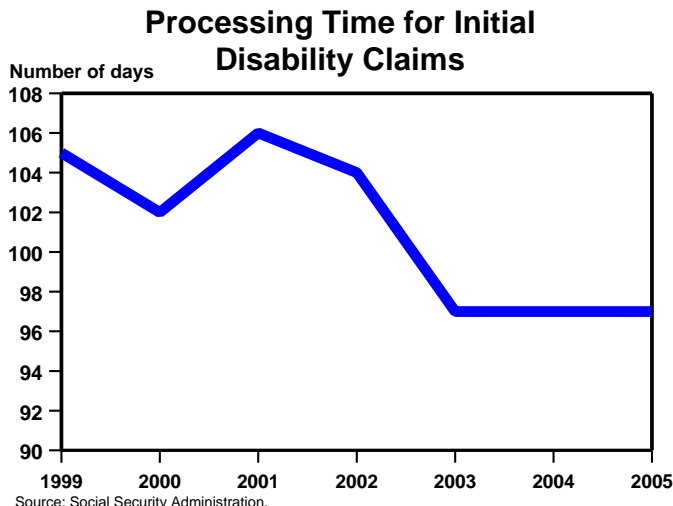
Improving the Disability Claims Process

Processing time for hearings continues to be a concern. In 2003, individuals who initially were denied benefits and who appealed had to wait nearly a year before a final decision was made. To begin addressing this issue, SSA is implementing several initiatives in 2004 and 2005. For example, SSA will allow Administrative Law Judges (ALJs) to make more decisions without a full hearing when additional evidence is not needed. Issuing decisions from the bench immediately following a hearing and using speech recognition technology to write decisions will also speed decision making. Expanding video teleconferencing to more hearings offices will enable ALJs to conduct more timely hearings in remote sites and will reduce the need for individuals appealing their cases to drive long distances.

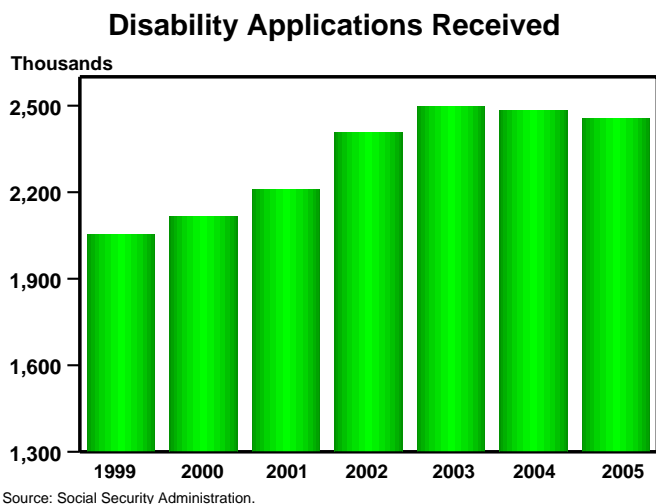
Beyond 2005, SSA is developing an improved process to significantly reduce processing times and improve decisional accuracy for initial disability claims and hearings. Commissioner Barnhart's proposed changes include making quick decisions about individuals who are determined to be disabled based on their described impairment and creating a central quality control unit to promote consistency. SSA also plans to add an attorney review level prior to ALJ review to improve service delivery. This will enable SSA to prioritize cases and decrease processing time. As part of these management reforms and the President's New Freedom Initiative, SSA will provide support services early in the disability determination process to help individuals with disabilities return to work. For example, SSA administers the Ticket to Work program under which eligible individuals receiving Social Security and/or Supplemental Security Income benefits due to disability or blindness receive a ticket that they may use to obtain vocational rehabilitation services, employment services, or other support services from an employment network or a State vocational agency of their choice.

Increasing Efficiency

SSA consistently focuses on and has made significant progress in improving efficiency within the agency. In particular, SSA has reduced its average processing time for initial disability claims by over eight percent since 2001 (see accompanying chart). These and other results are due to SSA’s commitment to improved efficiency gains through technological and procedural changes. More impressively, these successes have occurred at a time when the number of people applying for disability applications has increased by 22 percent from 1999 to 2003 (see Disability Applications Received chart). In 2003, SSA was able to reduce initial disability claim backlogs by 11,000 cases from the prior year. SSA also increased productivity for hearings decisions and initial disability claims by eight percent and two percent, respectively, over the previous year.



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These successes are critical to maintaining public satisfaction as the agency continues to face growing workloads. For example, SSA’s actuaries estimate that disability applications will remain high in future years due to the baby boomers moving into their disability-prone years. SSA’s commitment to annual productivity gains of at least two percent per year will enable the agency to handle more claims while continuing to provide good service. Recognizing these pressures and management goals, the 2005 Budget proposes nearly a seven-percent increase in administrative resources to address these challenges.

Implementing Medicare Reform

The Medicare Prescription Drug Improvement and Modernization Act of 2003, signed by President Bush in December, includes a major role for SSA in administering the new Medicare prescription drug benefit. SSA is committed to the success of the new law and the Budget includes funding for start-up costs to allow the agency to prepare systems for implementation of the drug benefit and other program changes in 2006. SSA will play an instrumental role in identifying and enrolling low-income beneficiaries, calculating premiums for high-income beneficiaries, and withholding premiums appropriate to beneficiaries’ selected plans.

Discounted Drugs for Seniors

Starting in late 2005, applicants signing up for their Social Security retirement benefit and Medicare prescription drug benefit will be screened for eligibility for additional low-income prescription drug assistance that is part of the new Medicare drug benefit.

Senior citizens and individuals with disabilities who have income less than 135 percent of the poverty level and who have resources equal to or less than \$6,000 will be eligible for Medicare drug coverage with no premium and limited cost-sharing. Other beneficiaries—those with income below 150 percent of poverty and somewhat higher resources—will also be eligible for assistance with the new Medicare drug benefit. The beneficiary's application will be sent to the Centers for Medicare and Medicaid for final processing and enrollment. This screening will save seniors time and worry, and help ensure that those eligible will receive the benefits that they are entitled to. That's SSA working for you!

Assisting Low-Income Refugees

The Budget would allow refugees and asylees to receive SSI for eight years after entry into the country. Currently, refugees and asylees who have not become citizens can only receive SSI for seven years after entry. The proposal recognizes that some individuals have been unable to obtain citizenship within seven years due to a combination of processing delays, and for asylees, statutory caps on the number who can become permanent residents. The policy would continue through 2007.

PROGRAM STEWARDSHIP***Detecting and Preventing Payment Errors***

A crucial aspect of good management in income support programs is ensuring that only eligible individuals receive benefits, and that they receive their benefits in the correct amount. SSA undertakes a variety of program integrity activities to minimize erroneous payments through means such as verifying beneficiaries' eligibility status, collecting debt, and investigating and deterring fraud. The General Accounting Office (GAO) removed the SSI program from its high-risk list of Government programs considered especially vulnerable to waste, fraud or abuse. In doing so, GAO recognized SSA's efforts to improve the management of the program.

The Administration proposes \$561 million for conducting continuing disability reviews (CDRs) in 2005. This is a proven, sound investment since SSA generates savings of approximately \$10 for each \$1 spent on such activities. SSA's 2002 CDRs are expected to yield \$6 billion in program savings.

The Budget proposes several additional tools to improve SSA's payment accuracy. One initiative would review at least 50 percent of favorable SSI disability decisions before starting payments. Another would give SSA the ability to independently verify whether beneficiaries have pension income from employment not covered by Social Security. The law requires that Social Security benefits be reduced in such cases, recognizing, in effect, that these pensions are designed as a substitute for Social Security. It is estimated that when phased in, these proposals would save the Federal Government half a billion dollars a year.

A Concrete Case of Fraud

Sometimes Social Security goes undercover to crack down on fraudulent claims of disability.

SSA's Office of Inspector General uses Cooperative Disability Investigations (CDI) units to investigate allegations (often from neighbors or acquaintances) of individuals who claim to be too disabled to work but who in fact are employed. For example, working from unmarked vans, CDI units may videotape someone who claims to be disabled lifting heavy boxes into a truck.

A 57-year old man applying for disability benefits said he had not worked since he had a stroke. During the interview, though, the SSA employee noticed cement dust on the man's shoes and cap. The Nashville CDI unit investigated the case, and observed the man driving a commercial van, using construction tools, lifting equipment, and pouring concrete. His claim was denied.

SSA, Office of the Inspector General
Semiannual Report to Congress
October 1, 2002-March 31, 2003

Preventing Misuse of Social Security Numbers

Use of Social Security numbers (SSNs) as a universal identifier has led to increased incidents of SSN fraud and misuse. Individuals seeking an SSN must provide proof of identity, age, and U.S. citizenship or legal alien and work authorization status. To detect fraudulent documents and to prevent improperly issuing SSNs, SSA is developing ways to share information with other Federal and State agencies to decrease reliance on documents presented by SSN applicants. SSA is also developing additional automated checks to detect potential fraud.

Combating Identity Theft

SSA's Inspector General works together with other agencies, including the U.S. Postal Inspection Service, the FBI, and the Department of Justice, to investigate and prosecute identity theft crimes. This team recently uncovered and stopped the criminal activity of Michael Washington. Washington led a bank fraud and identity theft ring that attempted to obtain \$1.4 million from banks and title companies.

Washington and members of the ring would go to title companies for the purpose of selling homes through that title company to a buyer who was complicit in the scheme and who was using a stolen identity. The sales were then completed with counterfeit checks. The title companies would unknowingly accept the counterfeit checks from the buyer, deposit them into their own bank account, and then write checks drawn on their account payable to the seller. The seller of the property would negotiate the legitimate title company check at the title company's bank and convert it to cash or cashier's checks through a series of transactions, and the seller would later split the proceeds with the others. Through the work of the Federal team, the fraud ring was uncovered and stopped. In December 2003, Washington was sentenced to 12 years in prison and ordered to pay \$512,496.

PERFORMANCE EVALUATION OF SELECT PROGRAMS

The Budget continues to focus on improving program performance. SSA updated two assessments completed for 2004 using the Program Assessment Rating Tool (PART), which evaluated the programs’ design and purpose, strategic planning efforts, how well they are managed, and whether they are generating positive results for taxpayers. Below are some highlights and recommendations from the PART evaluations. For further details on SSA’s performance assessments, see the White House budget website at www.whitehouse.gov/omb/budget/.

Program	Rating	Explanation	Recommendation
Supplemental Security Income for the Aged	Moderately Effective	The program has a clear purpose and addresses a specific need. Annual processing time goals were met, but payment accuracy goals for the SSI program overall were not. Long-term targets for processing time and efficiency are not ambitious.	SSA will better match resources to performance benchmarks. SSA will aggressively pursue strategies in the SSI Corrective Action Plan.
Disability Insurance	Moderately Effective	The program has a clear purpose and addresses a specific need. Annual goals for initial claims processing time and hearings productivity were met while initial claims productivity improved. However, SSA made insufficient progress toward improving accuracy of denied claims.	SSA will significantly improve the claims process by implementing electronic disability. SSA will also finalize proposals to redesign the claims process and better match resources to performance benchmarks.

UPDATE ON THE PRESIDENT’S MANAGEMENT AGENDA

The table below provides an update on Social Security’s implementation of the President’s Management Agenda as of December 31, 2003.

	Human Capital	Competitive Sourcing	Financial Performance	E-Government	Budget and Performance Integration
Status	●	●	●	●	●
Progress	●	●	●	●	●

SSA continues to be a leader in financial performance. In 2003, SSA issued its financial statements within 45 days of the end of the year—for the second straight year—and received a clean audit for the tenth consecutive year. SSA also demonstrated that it has integrated financial and performance management systems. After several quarters of steady progress, SSA anticipates an improvement in status for Competitive Sourcing in the fourth quarter of 2004, when their first two full competitions are slated for completion. In the spirit of the President's New Freedom Initiative, SSA has also modified its competition plan to protect employees with disabilities. Further, SSA has contributed to several cross-agency E-Government initiatives aimed at improving public service, including one that will lead to more efficient access to vital records. In 2004, SSA is expected to move to green in status for E-Government. This improvement will reflect that SSA's information technology systems are secure, meet cost, schedule, and performance goals, and fit into a larger blueprint designed to achieve the goals of the agency.

SOCIAL SECURITY ADMINISTRATION
(In millions of dollars)

	Actual		Estimate	
	2001	2003	2004	2005
Spending				
Discretionary Budget Authority:				
Limitation on Administrative Expenses (LAE) ¹ ...	7,124	7,885	8,313	8,878
Office of the Inspector General	69	82	88	92
Research and Development	23	31	31	20
Subtotal	7,216	7,998	8,432	8,990
Medicare Reform Administrative Expenses ¹	—	—	500	100
Total, Discretionary budget authority	7,216	7,998	8,932	9,090
Total, Discretionary outlays	7,149	8,071	8,750	9,366
Mandatory Outlays:				
Old-age, Survivors, and Disability Insurance	430,284	470,531	492,043	510,550
Supplemental Security Income	27,481	32,579	34,358	38,843
Special Benefits for Certain World War II				
Veterans	7	9	10	11
Offsetting Collections	-2,525	-2,212	-3,242	-3,492
Undistributed Offsetting Receipts	-7,910	-9,602	-10,654	-11,199
Legislative Proposals	—	—	—	-27
Total, Mandatory outlays	447,337	491,305	512,515	534,686
Total, Outlays	454,486	499,376	521,265	544,052

¹ The LAE account includes funding from the Hospital Insurance and Supplementary Medical Insurance trust funds for services that support the Medicare program, including implementation of Medicare Reform.