

**Social Security Advisory Board  
June Board meeting  
June 23, 2015**

**Morning Executive Session**

**Update on Badges.** Board members will have to go through a background check for the badges.

**Parking.** Although garage displays that parking is full, there will always be spots for Board members as long as members inform attendant that they are with SSAB.

**DI report.** Board members are working with staff on the DI Solvency report. Committee for a Responsible Federal Budget (CRFB) staff members will come to speak with the Board and staff before the solvency report is published.

**Single Decision Maker (SDM) report.** Members were informed that the report is complete and in layout form; however, there are still formatting issues. The title needs to be changed because the Board is no longer recommending that a decision is necessary but that more data is needed to make a decision.

The SDM report emphasizes that a long-term study that does not yield results or data should not occur again. A study needs to be designed carefully and monitored closely. In the last meeting, the Commissioner stated that the Board was going in a different direction than her on the issue. One member pointed out that the Board is still not going her way.

**WEP paper.** The WEP/GPO has now become the WEP paper. The best way to simplify the report was by cutting out GPO which will be addressed in a later issue. Once the Board reviews the current draft, the report is ready to be published.

**Annual Report.** The report is done. It was sent to Board for comments, but not all comments have been received yet.

**UI/DI paper.** This paper includes the administrative process that was added in the back. There was concern over the pros and cons sections of the paper and sections have been cut as a result. Mr. Cohen, will read the draft and provide comments on areas where he feels pros and cons are necessary. This paper will be sent to Board members with comments requested within two weeks.

**SSI paper.** This paper is getting closer to completion. It focuses on In-Kind Support and Maintenance (ISM) to explain the complexity of the process and SSI asset limit. This paper is to be published a few weeks after the Trustees Report. The draft will be sent to Board for review soon.

**Rehired annuitants.** Paul Cullinan will be working on a retirement paper. Elaine Fultz will help with sections of the solvency report.

### **Meeting with Inspector General Patrick O’Carroll & Deputy Inspector General Gale Stallworth Stone (OIG)**

**Death Master File.** Inspector General Patrick O’Carroll discussed the publicity that the Death Master File (DMF) has received since CBS’s *60 Minutes* piece in March, for which he had been asked to do an interview. An audit by the Office of Inspector General (OIG) found 6.5 million people over 112 years old that SSA had not listed as dead. These individuals were not receiving benefits.

SSA is required to share death information with other agencies in accordance with Treasury’s Do Not Pay Working System. Mr. O’Carroll indicated that some people who are listed as deceased in the Numident, a database file used when processing SSNs, were never transferred over to the more widely available DMF. The Numident is not matched to the DMF, although that should be the case. The systems are not interoperable and it would require manual input. A Board member asked the possibility of hiring a “bright fourteen year old” to write a program to transfer the files or use indicators such as extreme age to flag files to be verified as alive. One indicator currently used is Medicare non-usage, but there may be other indicators. Mr. O’Carroll cited that there are 600 cases a year in which someone is found to be collecting the benefits of someone who is deceased. There were many mistakes made in the 1980s, and some people have been collecting a deceased family member’s benefits for 30 years. Although there are improper payments, only one-third of cases are prosecuted.

**Representative payees.** Deputy Inspector General Gale Stallworth Stone described work on the rep payee program as a priority. Rep payees are accountable to SSA in terms of how they use funds. Currently a low number of rep payees are subject to audits. A National Academy of Sciences (NAS) study pinpoints characteristics of rep payees that are at risk of misusing funds. The agency currently does ad hoc reviews of rep payees, primarily of rep payees affiliated with an agency.

Rep payees serving a large volume (over 50 people) may require more frequent review because beneficiaries in this situation are more vulnerable. Individual rep payees are not paid and have a fiduciary responsibility to the beneficiaries they serve. Part of the problem is that it is hard to determine if high volume rep payees are working for an organization or as an individual, as the application process for both are the same. The agency relies on self-reporting of the applicant, and individual rep payees are not subject to a tri-annual review, but organizational rep payees are. A Board member asked how SSA could collaborate with state and local organizations to

increase oversight. Another member pointed out that there are protection and advocacy organizations in the states, but asked how that could be translated to individual rep payees. Field offices need tools and information to make informed decisions when it comes to appointing an appropriate rep payee. The sense was that there is a lot of abuse and many vulnerable people involved in the system.

One Board member asked whether direct deposit has helped to improve oversight. Ms. Stone reported that it has helped in that SSA can now see exactly where the money goes. However, the agency has noticed that funds are sometimes deposited incorrectly (e.g. multiple beneficiaries' checks being deposited in one account, rather than separate accounts for each beneficiary). One Board member asked about the possibility of using Certified Public Accountant (CPA) firms to take over the accounting aspect of oversight. The IG has long recommended this approach, especially for organizational payees.

One Board member argued that the standards of misuse need to be better defined, as it is often not clear to the payees. The importance of interviewing the beneficiaries themselves was also emphasized.

Other topics discussed by the IG:

- Cooperative Disability Investigation (CDI) units: there are currently 28 units set up in 24 states. Savings have been approximately \$3 billion so far. In order to establish a CDI unit, resources from both the OIG and local law enforcement are needed. However, getting cooperation with law enforcement has been an ongoing challenge for OIG.
- IT Updates:
  - Recent IRS and OPM data breaches have been a concern for the OIG since SSA has similar systems problems. Internal penetration testing by contractor Grant Thornton has revealed weaknesses in security, and once was even able to gain access to the Commissioner's email account. Disability Determination Services (DDS) are a major concern in this regard, since a lot of information is shared between these entities and SSA.
  - The Disability Case Processing System (DCPS) was also briefly discussed. The OIG has been monitoring its progress, which has been slow. Their primary concern is that SSA will not receive a full, final product worth its initial investment.

### **Meeting with Acting Commissioner Carolyn Colvin**

**Representative payee issues.** A Board member initiated a talk on the difficulties of tracking rep payees who misuse funds and asked the Commissioner's thoughts on the issue. SSA currently

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monitors less than 2,000 cases and has over six million rep payees. Ms. Colvin stated that these types of broad programs introduce elderly abuse and financial exploitation. She explained how past experience has shown her that the parent rep payees do not necessarily record the beneficiaries' finances and a lot of abuse cases are from family members. Currently, financial reporting is not effective and Ms. Colvin stated that it might be best to contract out the monitoring of financial reports.

Ms. Colvin emphasized that she would like to fix the problem of abuse in an appropriate manner. Department of Veterans Affairs (VA) uses the VA benefit to pay the small number of payees in the program. However, this system cannot be implemented in SSA because their benefits are insufficient to begin with. She stated the average retirement benefit is \$1,200 per month and the average disability benefit per month is \$1,500 and cutting any amount from this would harm the beneficiary. She added that, instead, she would like to implement background checks on rep payees.

Ms. Colvin explained the need for guidelines to determine who can serve as a rep payee. She stated that her concern with individual rep payees was that they will not take the important steps to perform their jobs well, due to the large number of beneficiaries that they serve. There needs to be a limit on the number of beneficiaries that individual payees represent. In some occasions, rep payees do not live in the same state as the beneficiaries, which should not happen. She stated that she has been working with local and state agencies to see if she can mirror their programs dealing with monitoring funds.

Ms. Colvin explained that, in some instances, a beneficiary might die and the rep payee might not report the death and keep collecting benefits. She also stated that there are no resources for fighting fraud and that the agency must use its own employees to detect fraud. Another challenge area is that some individuals who need rep payees do not have them.

The challenge with rep payees for the elderly is typically the rep payee is a family member. If there is any incidence of abuse, the beneficiary is usually embarrassed to let the agency or anyone know that they are being abused. Another challenge they face is a beneficiary being on joint accounts which is an issue because if the beneficiary passes away, benefits could still be deposited into the joint account.

There is also a resource constraint in the field offices. There is a huge backlog in field office work. SSA's claims representatives are the same people who designate the rep payees and are not necessarily well-trained in the rep payee program. However, the bigger issue is in the inconsistency in applying the rules. Ms. Colvin would like to set up a program integrity fund that does not require using other program dollars for these programs. She would like to bring in an organization that would look at process re-engineering.

**Old debt.** The referral of cases to the Treasury for offsetting is troublesome. Ms. Colvin does not believe that those who were under the age of 18 during the time of overpayment should be bombarded with this debt. However, the law does not allow SSA to waive these debt collections. She has suspended these debt collections because individuals who were overpaid did not have due process as most of the letters were returned. The problem arose after Treasury recently changed the regulations on collection of overpayments. The original regulations stated that an agency cannot collect an overpayment of more than 10 years old. However, Treasury changed the regulation lifting the time limit leading to the collection of debts over 40 years old.

**Vision 2025.** SSA has used the feedback received from National Academy of Public Administration (NAPA). Ms. Colvin explained that the report was meant to be a prelude to SSA's plan, not necessarily the plan. It is a guiding document that will be used in the strategic plan. SSA is also working on an implementation plan to start putting the plan into effect.

The following are the focus points for the next two years each lead by career Senior Executive Service (SES)

- Superior customer service
- Educate employees and the public about our programs
- Enhance online services
- Online replacement of Medicare and SSN cards
- Reduce hearings backlog
- Employee training and mentoring
- Innovative processes – IT process improvement
- Data driven decisions

### **Meeting with Marianna LaCanfora & Dan Zabronsky (ORDP & OQI)**

**Representative Payees.** Mr. Zabronsky began by discussing the integrity of the rep payee program. He discussed the predictive models built by his component to detect payee misuse. According to these models, rep payee misuse in the agency has been minimal. Mr. Zabronsky also described the two types of reviews conducted by SSA – mandatory and discretionary reviews. The quality of reviews varies across regions. Ms. LaCanfora added that it is harder to hire staff than to find a contractor to perform these mandatory reviews. She also pointed that a rep payee is not a social worker as Social Security is an insurance program and not a social service. The current process of site reviews focuses on organizational rep payees; however new reviews will include custodial and familial payees. A forthcoming monitoring program would create several initiatives on making appropriate selection. However, there still needs to be more research to measure the impact of the new initiatives.

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Ms. LaCanfora stated that the current rep payee review structure is not effective. SSA is expected to act in both a fiduciary/accounting capacity and play a social service role. She discussed some anticipated changes that SSA believes will improve the process, such as a doubling of the number of sample reviews (to improve statistical validity) and an increased number of site visits compared to what was done in the past. SSA also plans to establish a centralized team at the headquarters dedicated to audits and reviews. These initiatives are estimated to increase rep payee costs from \$7 million/year to \$25 million/year.

Both Board members and SSA representatives noted the difficulty in defining standards for payees. In theory, the rep payee is required to do everything in his/her power to improve and maintain a beneficiary's quality of life, but with low-income beneficiaries receiving SSI, this can be a challenge. It can be difficult to distinguish between "poverty" and "neglect" in certain situations. Another concern noted by the Board was a lack of actual training and certification for individual rep payees. While organizational payees do receive training from SSA, it is very limited.

**Death Master File (DMF).** Ms. LaCanfora briefly discussed the recent media reports criticizing the DMF, and emphasized that the death file was originally designed solely for SSA benefit purposes. She explained that since SSA is the best at collecting death data, other agencies and organizations want to use SSA's data for their own purposes. According to Ms. LaCanfora, SSA's records are better than any other vital records offices.

Ms. LaCanfora emphasized that DMF data is inaccurate and incomplete, since it includes SSA beneficiaries dating back almost to the inception of the program. In this sense, she noted that there may also be problems with birth records as well. For this reason, SSA cannot simply "delete all 112 year olds," since their birth dates are not confirmed to be correct.

A Board member raised the question of why different agencies did not always have an accurate record. Ms. LaCanfora indicated that systems did not talk to each other. When a correction is made in the Numident, it will propagate to the DMF *during an update*. Benefit paying agencies can rely on the DMF, however, they have to obtain an updated version weekly or monthly.

Ms. LaCanfora stated that the DMF has improved since its inception in 1935. The Electronic Death Reporting (EDR) system is the gold standard for death reporting. EDR allows for an efficient and accurate method of death reporting. Ms. LaCanfora stated that death records have been excellent for the last fifteen years and the problem is only retroactive. Ms. LaCanfora explained how better access to the EDR system would dramatically improve data accuracy going forward. She also mentioned that SSA is exploring data analytics to better identify erroneous records in the DMF.

## **Meeting with Committee for a Responsible Federal Budget (CRFB)**

Members of the CRFB discussed depletion of the DI Trust Fund expected in the near future. The team presented the selected papers they are sponsoring for the *SSDI Solutions Initiative*. These papers aim at improving various aspects of the Social Security Disability Insurance (SSDI) program. They explained that these project models did not have an exact answer but provide broad recommendations.

### McCrery-Pomeroy SSDI Solutions Initiative:

- **Reducing CDR backlogs:** This proposal would allow the extraction of medical records from beneficiaries' electronic folders, the development of an automated method for the likelihood of future medical improvement, and improve current CDR predictive models. Reforms focus on using technology to improve the processes and alleviate case backlog.
- **Streamlining the determination process and promoting education for workers with disabilities:** The process includes eliminating the first level of appeal. It would aim to develop a work incentive education and skills enhancement program to promote long-term work.
- **Reforming the disability adjudication process:** This proposal was submitted by SSA ALJs to reform the disability hearings and appeals process. Reforms would include closing the record, altering the fee structure, and a government representative in the hearing room. Mr. Lorenzen acknowledged that the evidence about government representatives is mixed. He stated the proposal is more of a policy argument than focus on program implementation.
- **Encouraging enrollment in private disability insurance:** The next proposal would expand private disability insurance through three actions. First, employers would be encouraged to use "automatic enrollment arrangements" for group disability plans. Second, they would implement a federal education and outreach program to encourage disability insurance. Third, they would explore private sector techniques to encourage returns to work.
- **Expanding workers compensation and experience rating SSDI:** This proposal would require the states to compensate work-related injuries, set-aside funds to cover future workers compensation cash benefits, and implement experience rating so that employers would have an incentive to reduce injuries and keep disabled workers on the job. The Board discussed whether this would lead to discrimination against older and disabled workers. Mr. Lorenzen stated that this issue is addressed in the proposal.
- **Increase long-term supports:** The next proposal would expand health insurance to include long-term service and allow more people to buy into a Medicaid-type program

that would cover work supports not covered by health insurance. The proposal would expand tax credits to assist in covering costs of work supports.

- **Early-intervention pilot:** This proposal would start a 10-year pilot to test a revised disability determination process that would provide more employment supports for workers applying for SSDI. The pilot would be based on models used by disability insurance providers, worker's compensation, and international examples.
- **Expand community-based health centers:** This proposal would build on existing programs in Washington state and the United Kingdom to expand medical and vocational rehabilitation support to workers who are affected by a disease or injury. This proposal is aimed more at injuries that result in long-term disabilities, but would also target people on SSI, SSDI, or those considering applying. After testing, the hope is to implement it nationally.
- **Transitional jobs and tax incentives:** This proposal would offer transitional jobs through tax subsidies to SSDI beneficiaries—similar to sheltered workshops. These would be wage-paying jobs that individuals could do temporarily while searching for permanent work. The proposal would also increase the EITC and gradually offset benefits to incentivize work.
- **Partial disability benefits:** Jason Fichtner's plan would create partial disability benefits instead of the all-or-nothing definition used for disability benefit eligibility now. For applicants who can work in any basic capacity, including part-time, partial disability benefits would be awarded. He believes demonstration projects should be tested with options for increasing rehabilitation.
- **Temporary disability benefits:** This proposal would provide transitional benefits to the small subset of SSDI beneficiaries with disabilities likely to experience medical improvement. The proposal would explore evidence-based practices for improving function and employment supports to reattach beneficiaries to the labor market.
- **Change definition of disability:** This proposal would change the disability program from a focus on ability to work to a program that focuses on the high cost of disability. The definition would be closer to a quality-of-life measurement. The proposal would hopefully lead to more focus on early intervention and help for people to work, stay at work, or return to work. Staff commented that this could help SSA overcome the difficulty it has with assessing residual functional capacity and the focus on a 40-hour work week.

**Bipartisan Policy Center (BPC).** Mr. Goldwein explained that the BPC is gathering many proposals and helping to push out options, even ones that it might not recommend. The BPC co-chair may weigh in on big-picture issues, but would probably not endorse specific options. BPC has spent a lot of time on the Hill and observed that the two parties seem to be converging

towards implementing some modest reforms. They believe the less desirable ideas are getting weeded out and the sides are becoming open to more ideas, projects, and demonstrations. The papers will likely be published in the fall, but drafts could be shared before then if requested.