

U.S. House of Representatives
Committee on Appropriations
**Subcommittee on the Departments of Labor, Health and Human Services, Education and
Related Agencies**

Statement for the Record

**Departments of Labor, Health and Human Services, Education, and Related Agencies
Appropriations for 2003**

The Honorable James G. Huse, Jr.
Inspector General, Social Security Administration

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Good morning, Chairman Regula, Mr. Obey, and members of the Subcommittee. It is a pleasure to be here today to discuss the top three management challenges facing the Social Security Administration as Congress considers the Federal budget for fiscal year 2003.

Certainly there is no shortage of challenges facing Social Security—we published our list of SSA's top ten challenges in our most recent Semiannual Report to Congress, and the President's Management Agenda identified similar challenges for fiscal year 2002. And certainly there is no better context in which to consider these challenges than in a discussion of resources for 2003.

Times change quickly, and SSA is faced with more and greater challenges than ever, while at the same time, it is being asked to meet these challenges with fewer and fewer resources. Budgetary restraints, together with homeland security and program integrity issues, have forced SSA to take a long and difficult look at their outstanding record for service delivery. While SSA is justifiably proud of its customer service record, budget constraints and broader challenges are now forcing the Agency to take a hard look at the placement of the fulcrum as it attempts to balance service and stewardship. I do not envy Commissioner Barnhart the decisions she will be forced to make as she tries to do more with less.

Whatever resources are ultimately provided by Congress, there are three unmistakable areas that pose the most daunting, and most important, challenges to Commissioner Barnhart and SSA. These are: reducing improper payments; improving the disability determination process; and protecting the integrity of the enumeration process—the process by which Social Security numbers are issued and protected during the life of the number holder and beyond. I will touch very briefly on each of these challenges.

The first is payment accuracy. In FY 2001, SSA issued \$456 billion in benefit payments to 52.4 million beneficiaries. Even the slightest error in the overall process can result in millions of dollars in overpayments. Working together with SSA, we've made great strides in reducing all benefit payments to prisoners and Supplemental Security Income payments to fugitive felons over the past several years, and these efforts continue. But erroneous payments, including those to deceased beneficiaries, students, and individuals receiving state workers' compensation benefits, continue to drain the Social Security Trust Fund even as solvency becomes an

overarching issue. Because these overpayments continue to bedevil SSA's benefit disbursement operations, we've made numerous recommendations, many of which SSA has already adopted. We look forward to working with the new Commissioner to further enhance SSA's efforts to reduce erroneous payments to the greatest extent possible within the context of balancing stewardship and service with limited resources.

The second challenge is perhaps the most difficult. SSA has long struggled with redesigning the disability process. The present system by which disability claims are considered is so overloaded that it is virtually unworkable. On average, it takes SSA 107 days to make an initial determination on a claim. Worse still is the appeals process, which despite numerous failed attempts at improvement, is still so backlogged that a claimant who files a request for a hearing must then wait an average of 307 days for an Administrative Law Judge Decision and 439 days for a decision from the Appeals Council. These never-diminishing backlogs require a visionary approach to break through deeply imbedded bureaucratic processes to bring about true change. Whether it is the elimination of one or more layers of appeal, a sweeping streamlining of the hearing process, government representation at disability hearings, or a combination of these and other factors, the current system is one in which all parties lose—claimants by virtue of unconscionable delay; SSA by virtue of expending enormous resources on each claim. Under a restrictive budget, the time is ripe for meaningful change to the disability process.

Finally, the lessons of the last 5 months have been the hardest to learn. We have long been aware that failure to protect the integrity of the Social Security number (SSN) has enormous financial consequences for the government, for the people, and for the business community. We now know that our shortcomings in the enumeration process can have far graver consequences than previously thought. Under no circumstances, can we permit the SSN to be used by those who wish to camouflage their criminal activities against the United States, which means SSA can no longer afford to operate from a "business as usual" perspective. Whatever the cost, whatever the sacrifice, we must protect the number that has become our national identifier; the number that is the key to social, legal, and financial assimilation in this country.

Our audit and investigative work has shown that there are three stages at which protections for the SSN must be put in place: upon issuance, during the life of the number holder, and upon that individual's death.

(1) When an SSN—or a replacement Social Security card—is issued, our most critical recommendation is that SSA independently verify the authenticity of the birth records, immigration records, and other identification documents presented to SSA with the application. If this causes delays, it should not be seen as a service delivery failure, but as a necessary trade-off for SSN integrity and homeland security. OIG and SSA representatives are working together on an enumeration task force to ensure that vulnerabilities in the enumeration system are expeditiously addressed.

(2) Once an SSN has been issued, and becomes an integral part of the number holder's life, it becomes difficult to give the number the degree of privacy it requires, but there are important steps we can take.

- We can limit the SSN's public availability to the greatest extent practicable, without unduly limiting commerce.
- We can prohibit the sale of SSNs, prohibit their display on public records, and limit their use to valid transactions.
- And we can put in place strong enforcement mechanisms and stiff penalties to further discourage SSN misuse.

(3) Finally, we must do more to protect the SSN after the number holder's death. SSA receives death information from a wide variety of sources and compiles a Death Master File, which is updated monthly, transmitted to various Federal agencies, offered for sale to the public, and can be accessed over the Internet. There is no question that this information must be accurate, however, Congress might revisit the issue of offering this death information for sale to the public.

Each of these challenges—payment accuracy, the disability process, and enumeration—presents Commissioner Barnhart with a choice between increased service delivery, which means speed, and increased accuracy, which means security and stewardship. I know that this Commissioner recognizes that true service delivery has two components—speed and accuracy. There is a balance to be struck between the two, and for all of the reasons I have discussed, we have reached a time where striking that balance properly is more important than ever.

I look forward to working with Commissioner Barnhart to help SSA meet these and other challenges, but clearly she has a formidable job leading SSA into the future. All of the recommendations we advance to address SSA's issues require the application, or redirection, of precious Agency resources in this time of serious budget strictures. There are no easy answers. I believe it is in resolving this dilemma, and making these critical choices, that Commissioner Barnhart faces her most difficult challenge. Thank you, and I would be pleased to answer any of your questions.