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#### ONE HUNDRED THIRTEENTH CONGRESS

## Congress of the United States

### House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM 2157 RAYBURN HOUSE OFFICE BUILDING WASHINGTON, DC 20515–6143

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June 9, 2014

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#### To: Democratic Members of the Committee on Oversight and Government Reform

#### Fr: Democratic Staff

# Re: Hearings on "Social Security Administration Oversight: Examining the Integrity of the Disability Determination Appeals Process"

On June 10 and June 11, 2014, the Committee will hold two days of hearings on federal programs that provide financial assistance to individuals with disabilities. Both hearings will begin at 9:30 a.m. in room 2154 of the Rayburn House Office Building. On Tuesday, June 10, the Committee will hear testimony from Senator Tom Coburn and several Administrative Law Judges (ALJs) who review appeals of disability determinations. On Wednesday, June 11, the Committee will hear testimony from Carolyn Colvin, the Acting Commissioner of the Social Security Administration.

According to the majority, the purpose of these hearings is to examine concerns that the Social Security Administration is not adequately addressing individual ALJs who have very high allowance rates for granting disability benefits. High allowance rates raise concerns that judges may be granting benefits to individuals who are not in fact disabled. The majority also suggests that these high allowance rates may be undermining the solvency of the Disability Insurance Trust Fund.

The Committee's investigation shows that over the last decade, however, the Social Security Administration has significantly improved its oversight of ALJs, enhanced data collection and analysis about ALJ decisions, expanded training to improve performance, sharpened disciplinary procedures against judges who fail to comply with agency policies, and improved efforts to prevent improper payments and detect fraud. Unfortunately, inadequate funding from Congress hinders the full deployment of these quality improvement measures.

#### I. BACKGROUND

The Social Security Disability Insurance (SSDI) program was implemented in 1956 as part of the Old Age, Survivors, and Disability Insurance program to provide financial assistance

to workers with disabilities under the age of 65 and their families.<sup>1</sup> In 2013, 8.8 million workers with disabilities were receiving benefits through SSDI.<sup>2</sup>

Disability claims are adjudicated through a multiple step process to determine whether claimants are disabled and eligible for benefits. State agencies make initial disability determinations using federal guidelines. If benefits are denied, claimants may request hearings before ALJs. ALJs conduct *de novo* hearings, reviewing claimant cases as if they had not been reviewed before.<sup>3</sup>

An Appeals Council review is the final step in the administrative process. The Appeals Council has discretion to grant, deny, or dismiss requests for review, as well as remand cases back to ALJs. Claimants who disagree with final administrative decisions may seek judicial reviews in federal district court.<sup>4</sup>

Eligibility for SSDI benefits depends on working long enough in a job that paid Social Security taxes and having a medical condition that meets Social Security's definition of disability.<sup>5</sup> Benefits are not awarded for partial disabilities, and disabilities expected to last less than one year are ineligible for benefits.<sup>6</sup> Medical evidence must show that conditions prevent individuals from working at jobs in the national economy for which they are qualified—not just their previous type of work.

The hearings this week follow three previous hearings in the Subcommittee on Energy Policy, Health Care and Entitlements. Committee staff have also conducted transcribed interview of five ALJs, including the Chief Administrative Law Judge and the former Chief

<sup>1</sup> Congressional Research Service, *Social Security Disability Insurance (SSDI) Reform: An Overview of Proposals to Reduce the Growth in SSDI Rolls* (Apr. 29, 2013) (online at www.crs.gov/pages/Reports.aspx?PRODCODE=R43054&Source=search).

<sup>2</sup> Congressional Research Service, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)* (June 11, 2013) (online at www.crs.gov/pages/Reports.aspx?PRODCODE=RL32279&Source=search).

<sup>3</sup> Association of Administrative Law Judges, *Home Page* (accessed June 9, 2014) (online at www.aalj.org/).

<sup>4</sup> Administrative Conference of the United States, *Administrative Conference Recommendations 2013-1, Improving Consistency in Social Security Disability Adjudications* (June 13, 2013) (online at

www.acus.gov/sites/default/files/documents/SSA%20Adjudication%20Recommendation\_Final\_0.pdf).

<sup>5</sup> Social Security Administration, *Disability Planner: How You Qualify for Social Security Disability Benefits* (accessed June 6, 2014).

<sup>6</sup> House Committee on Ways and Means, Subcommittee on Social Security, *Hearing Brief, Social Security Administration Administrative Law Judges* (July 8, 2011).

Administrative Law Judge of the Office of Disability Adjudication and Review at the Social Security Administration.

#### II. IMPROVED AGENCY OVERSIGHT OF ADMINISTRATIVE LAW JUDGES

Over the last decade, the Social Security Administration has significantly improved efforts to collect and analyze data about ALJ decisions, expanded judge training to improve performance and compliance with agency policies, sharpened disciplinary procedures against judges who refuse to comply with agency policies, and enhanced efforts to prevent improper payments and detect fraud. The data show that that the average allowance rate of judges has decreased and the overall quality of disability determinations has improved.

#### A. Data Collection Used to Improve Quality

On May 16, 2014, Committee staff conducted a transcribed interview of Frank Cristaudo, the former Chief Judge of the Office of Disability Adjudication and Review at the Social Security Administration. Judge Cristaudo explained that, prior to the start of his tenure in 2006, the Social Security Administration did not systematically collect and analyze data on the performance of its judges.

Under Judge Cristaudo's tenure, data collection received unprecedented emphasis. For example, the Social Security Administration appointed senior executives to run a new Office of Electronic Services and Strategic Information.<sup>7</sup> Judge Cristaudo explained to Committee staff: "We started getting some of that data toward the end of my time there."<sup>8</sup>

Data collection and analysis have expanded further under the current Chief Judge, Debra Bice. During her interview with Committee staff on May 13, 2014, Judge Bice explained that she now uses a suite of data to identify trends:

We are just gathering a lot of data. And any time something looks wrong or doesn't seem like it is compliant with policy, we are asking our managers to look at it, to let the regional chief [judge] know, let us know so we can look at it, kind of dive deeper.<sup>9</sup>

One of the key new statistics collected by the Social Security Administration is the "agree rate," which is the rate at which the Appeals Council declines to review, or "agrees" with, underlying ALJ decisions. Chief Judge Bice explained that the "agree rate" is the agency's best estimate of the quality of judges' decisions:

<sup>8</sup> Id.

<sup>&</sup>lt;sup>7</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Frank Cristaudo, former Chief Judge, Office of Disability Adjudication and Review, Social Security Administration (May 16, 2014).

<sup>&</sup>lt;sup>9</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Debra Bice, Chief Judge, Office of Disability Adjudication and Review, Social Security Administration (May 13, 2014).

The agree rate are the cases in which the Appeals Council did not grant review. So the Appeals Council, whether they look at the case as an appeal of a denial or as a sample review of a favorable case, they've looked at it and said, in general, the case is policy-compliant and we're not granting review. It's our best proxy for quality, because there's always a little discretion there, but, basically, if a judge has a high agree rate, I have a lot of confidence that they are following the agency's policy. ... And that's our proxy for quality. It's not perfect, but it's the best we have right now.<sup>10</sup>

Judge Bice said that analysis of agree rates shows that the quality of judges' decisions is improving. "I've seen a decline there in the low agree rates, so that's making me indicate that the agree rates are trending up."<sup>11</sup>

#### B. Lowest "Allowance Rate" Since 1979

During the Committee's investigation, Republicans have focused on specific judges with high individual allowance rates to draw broader conclusions about the entire program. The four judges invited to testify on June 10 have allowance rates exceeding 90% over multiple years. All have attracted the attention of Social Security Administration management and have received supplemental training and detailed critiques of their decision making. One witness, Judge Gerald Krasfur, was placed on administrative leave and is the subject of a pending removal action at the Merit Systems Protection Board.

The judges invited to the hearing do not reflect the judge corps as a whole. According to the Social Security Administration, ALJs at the Social Security Administration had an average national "allowance rate" of 57% in Fiscal Year 2013—the lowest overall allowance rate since 1979.<sup>12</sup> As Judge Cristaudo explained during his interview with Committee staff, the national allowance rate is the number of cases in which judges award benefits divided by the total number of disability determinations they reviewed.<sup>13</sup>

Witnesses who spoke to the Committee explained that, although one judge's particularly high allowance rate could raise concerns that need to be addressed with that judge, it would not significantly alter the overall national allowance rate, and it would not indicate that any one decision by that judge had been decided incorrectly. During a hearing in November 2013, Regional Chief Judge Jasper Bede had this exchange with Committee Members:

REP. HORSFORD: So the allowance rate doesn't say anything about the quality of the decisions?

<sup>10</sup> Id.

<sup>11</sup> Id.

<sup>12</sup> Social Security Administration, *National Hearings Decisional Allowance and Denial Rates, FY 1973 – FY 2013* (as of May 31, 2013).

<sup>13</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Frank Cristaudo, former Chief Judge, Office of Disability Adjudication and Review, Social Security Administration (May 16, 2014).

JUDGE BEDE: Absolutely.

REP. LANKFORD: Would the gentleman yield for one moment? Would that include a judge that approves 99.4 percent of all cases, because we have some judges like that as well? Should that raise a red flag?

JUDGE BEDE: Well, it should raise a red flag, but it does not mean that any particular case was wrongly decided.<sup>14</sup>

Similarly, Judge Cristaudo explained during his interview with Committee staff:

If you look at someone with an allowance rate of 50 percent, allowance rate doesn't tell you if those 50 percent aren't the right 50 percent. So allowance rate is an indicator, but it doesn't necessarily indicate whether the decisions are right or wrong.<sup>15</sup>

#### C. Improvements Due to Enhanced Training and Disciplinary Measures

In addition to better data collection and analysis, witnesses attributed improvements over the past several years to enhanced training efforts and more effective disciplinary measures against judges who are not complying with agency policy.

When asked during her interview with Committee staff how the agency has been able to work with judges to improve the quality of their decisions, Judge Bice responded:

I think it's our focus on training and the feedback we're providing to the judges. So, one, starting in January 2012, we started with the OCEP, the ODAR Continuing Education Program. So every quarter we're training our judges on an area of the law that's susceptible to error and non-policy-compliance....

[W]e've put out a lot of guidance to the judges and our senior attorney adjudicators on, you know, here's the policy you need to follow; here's what we want in decision-writing instructions; here's what you have to have in any decision for it to be policy-compliant.

The judicial training has -- we train about 350 of our experienced judges every summer with training. And we broke them into small groups last year to talk about things, these policy-compliant errors ... the sharing between the judges, you know, wanting to do the

<sup>&</sup>lt;sup>14</sup> House Committee on Oversight and Government Reform, Subcommittee on Energy Policy, Health Care and Entitlements, *Hearing on Continuing Oversight of the Social Security Administration's Mismanagement of Federal Disability Programs* (Nov. 19, 2013).

<sup>&</sup>lt;sup>15</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Frank Cristaudo, former Chief Judge, Office of Disability Adjudication and Review, Social Security Administration (May 16, 2014).

right thing, wanting to find out what the errors are, how can they better adjudicate cases.<sup>16</sup>

Judge Bice also explained that the agency uses a "focused review" process when concerns are raised about individual judges:

Our kind of formalized focused review process is we do the initial focused review, and we have the discussion with the judge, give them the training or give them training resources because they're really self-training, and then allow them to practice that, allow them to do decisions, and then we have to wait that 60-day appeal period because we can't target and do reviews of cases pre-effectuation, again, because we're targeting a judge. ... [W]e've decided that they will go back in after approximately 6 months, look at cases in the post-adjudicative time frame and look at specifically those issues that were raised in the first review, focused review to see if the judge has complied and if they are now policy compliant in that area. ...

We've done it on a few judges. This has been the most recent, you know, evolution of this process. We've seen some -- I think one of them I mentioned where we did see some improvements. I've had, unfortunately, other ones where absolutely no improvement, and so depending on what the facts of the case are, we take additional steps at that point.<sup>17</sup>

During his interview with Committee staff, Judge Cristaudo explained that before his tenure began in 2006, "the agency rarely, if ever, disciplined judges." He said some judges "felt like they were not bound by agency policy" and "were not bound by time and attendance rules." He also stated that "we had situations where judges felt like they weren't bound by the agency's policy on drug and alcohol."<sup>18</sup>

Judge Cristaudo explained that one of his top priorities was "to establish that we had the right to manage judges and lead judges and do things." As a result, the Social Security Administration began bringing disciplinary cases against judges to the Merit Systems Protection Board (MSPB):

[We did that] by disciplining judges, by sending the message that if you're going to violate our policy and we take action, then you're going to be punished for that. After we told you don't do it and you do it anyway. We're going to punish you for that. And the

<sup>&</sup>lt;sup>16</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Debra Bice, Chief Judge, Office of Disability Adjudication and Review, Social Security Administration (May 13, 2014).

<sup>&</sup>lt;sup>17</sup> Id.

<sup>&</sup>lt;sup>18</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Frank Cristaudo, former Chief Judge, Office of Disability Adjudication and Review, Social Security Administration (May 16, 2014).

message got out. We would also, we did a better job of hiring new judges. We did a better job of training new judges.<sup>19</sup>

Judge Cristaudo explained that, because of these actions, the Social Security Administration is now better able to suspend or remove judges for misconduct:

Some of these actions we filed resulted in some really good case law in terms of the actions that could be taken. There's a lot of language in those decisions now that gets cited in new complaints that are filed, new decisions that get issued by the ALJs handling these cases, and the MSPB, when they review these cases, are citing language from those cases we filed. So the whole body of law has been significantly developed.<sup>20</sup>

# III. INADEQUATE FUNDING HINDERS EFFORTS TO IMPROVE QUALITY AND CAUSES BACKLOGS

Although the Social Security Administration has made significant improvements to the quality of judges' decisions, inadequate funding from Congress hinders those efforts, causes long wait times for initial disability applications, and worsens backlogs for continuing disability reviews performed to prevent improper payments.

During her interview with Committee staff, Chief Judge Debra Bice explained that additional funding would translate into improvements throughout the program. As she explained, "I need more judges to hear cases." She also had this exchange with Committee staff:

- Q: So is, in part, your message as chief judge to Congress that you need more resources to do more focused reviews and the other elements that you've identified?
- A: If I were asked, yes, I would ask for that.
- Q: And if Congress gave you more funding for those purposes, what do you think the consequence would be? What effect would there be?
- A: I think we would see a continued improvement in our agree rates, in our quality, in our policy compliance.<sup>21</sup>

#### A. <u>Backlogs in Initial Applications</u>

The Social Security Administration estimates that the average processing time for initial State disability reviews is 109 days. On average, another 415 days pass before cases are heard

<sup>19</sup> *Id.* 

 $^{20}$  *Id.* 

<sup>21</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Debra Bice, Chief Judge, Office of Disability Adjudication and Review, Social Security Administration (May 13, 2014).

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by ALJs, and the Social Security Administration estimates that this wait time will increase to 435 days next year without additional resources.<sup>22</sup>

Judge Bice explained during her interview with Committee staff that the Social Security Administration has too few judges to handle its volume of cases:

A: We are building a backlog because we don't have enough judges.

Q: So one of the reasons for the backlog is lack of resources?

A: Yes.<sup>23</sup>

The consequences can be grave. As Judge Bice explained during her interview with Committee staff: "We have had people die while they were waiting for a hearing."<sup>24</sup>

In addition, payments may be made to beneficiaries who are no longer eligible to receive benefits, and claimants may endure excessively long wait times to receive final decisions about their eligibility. Judge Bede explained during his interview with Committee staff:

I file my application, it takes, I don't know, 90, 120 days to get through the State agency and they tell me I'm not disabled, I file for a hearing, I'm waiting a year, 2 years. I have a hearing, and I'm waiting another 3, 4, 5 months. It's unconscionable. And at the end of that, you say, "Oh, yeah, you were right to begin with, you are disabled," and I'm getting a large back payment, but it doesn't make up for everything that happened in between.<sup>25</sup>

Judge Cristaudo relayed to Committee staff an account of one claimant he had represented before he joined the Social Security Administration:

I represented 1,000, 2,000 claimants, actually, and they're desperate. I mean, they have, most of them have no income, nothing for like mortgage payments, food items, many of them. ... I can think of this one claimant in particular. She suffered clearly from sever diabetes, she had all the neuropathy, her feet were, problems with her feet, problems with her hands and all that and the ALJ who handled the case was a very conservative judge. His allowance rate was much lower than the other judges. He denied the claim after a hearing, we went to the Appeals Council, they sent it back. This dragged out a couple of years. ... Finally we get a favorable decision. The woman was clearly disabled. ... So I called her. And she lived alone and she usually was home, but she didn't answer the phone and I'm – I—something's going on, but whatever. Maybe she's out with her

<sup>22</sup> Social Security Administration, *FY2015 Budget Justification* (online at www.ssa.gov/budget/FY15Files/2015KT.pdf).

<sup>23</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Debra Bice, Chief Judge, Office of Disability Adjudication and Review, Social Security Administration (May 13, 2014).

<sup>24</sup> Id.

<sup>25</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Judge Jasper Bede (Oct. 22, 2013).

family. I don't know. So I called a few more times, no answer. I finally sent her a letter two or three days later, and I got a call a few days after that from one of her relatives telling me that they had found her dead under the kitchen table.<sup>26</sup>

#### B. Backlogs in Continuing Disability Reviews

Although Continuing Disability Reviews (CDRs) are required to be conducted every three years to ensure that individuals continue to qualify for disability assistance, the Social Security Administration reports that there is currently a backlog of 1.3 million CDRs.

During a hearing last month, Marianna LaCanfora, the Acting Deputy Commissioner of the Office of Retirement and Disability Policy, testified that the primary cause of this backlog is a lack of resources:

REP. HORSFORD: So what are the current barriers, then, to conducting more medical CDRs?

MS. LaCANFORA: We need adequate, sustained and predictable funding; and that is the number one way to get current on medical CDRs. The only way.<sup>27</sup>

When asked why the agency had such a huge backlog of CDRs for children with conditions that tend to be temporary, Ms. LaCanfora responded:

Well, with all due respect, I return that question in part back to the Congress. We have been inadequately funded over a series of years and unable to complete the number of CDRs that we need to complete.<sup>28</sup>

This testimony was confirmed by the Inspector General:

REP. DUCKWORTH: Are there any other reasons why a backlog has developed, other than inadequate funding, in your opinion?

INSPECTOR GENERAL O'CARROLL: No, because we can pretty much show from all the work that we have done is when SSA dedicates the resources to doing it and the dedication is coming from their funding, that they will reduce that backlog. That is what

<sup>&</sup>lt;sup>26</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Frank Cristaudo, former Chief Judge, Office of Disability Adjudication and Review, Social Security Administration (May 16, 2014).

<sup>&</sup>lt;sup>27</sup> House Committee on Oversight and Government Reform, Subcommittee on Energy Policy, Health Care and Entitlements, *Hearing on Examining Ways the Social Security Administration Can Improve the Disability Review Process* (Apr. 19, 2014).

<sup>&</sup>lt;sup>28</sup> Id.

we were talking about in the early 2000s, was when the money was there they did reduce the backlog. Then, after that, when the funding wasn't there, the backlog kept growing.<sup>29</sup>

CDRs are highly cost effective. Witnesses estimated that every dollar spent on CDRs saves \$9 in improper payments, and the Inspector General testified that if the backlog in CDRs were eliminated, over \$2 billion dollars per year in improper payments could be avoided.<sup>30</sup>

#### C. Funding for Anti-Fraud Efforts

The Social Security Administration and the Inspector General have jointly established the Cooperative Disability Investigations (CDI) program to strengthen anti-fraud efforts. CDI units pool resources and expertise to investigate suspicious disability claims and prevent fraud at all levels in the disability claims process. The CDI program's primary mission is to obtain evidence that can resolve questions of fraud before benefits are paid.

At the November 19, 2013, Subcommittee hearing, both the Inspector General and the Social Security Administration witness emphasized the importance of investing additional resources in this program. The Inspector General explained that "we have 26 units in 21 States" and stated that "we would like to expand it into all States." He explained:

[M]y office continues to pursue the establishment of a self-supporting program integrity fund for the integrity activities I've discussed here, including CDRs, redeterminations, and CDI investigations. ... Given the substantial return on investment of these activities, we believe this would be a highly effective use of limited resources.<sup>31</sup>

Similarly, Glenn Sklar, the Deputy Commissioner of the Office of Disability Adjudication and Review, testified about the value of the CDI program:

I think they're a tremendous value. They're front-end fraud detection. We've had a lot of discussions on the podium on how much to get back after the money has gone out the door, and we all know not that much. ...

We do the best we can. We have collection tools. But ultimately you're getting pennies back on the dollar. You have to catch it at the front end. And it's the type of cases, the complex fraud conspiracies that Mr. O'Carroll's office has been working on and we try to support that you can use a CDI unit to get at the front. So I would be a strong advocate. I've never understood why we don't have a CDI unit in every State.<sup>32</sup>

<sup>29</sup> Id.

<sup>30</sup> *Id*.

<sup>31</sup> House Committee on Oversight and Government Reform, Subcommittee on Energy Policy, Health Care and Entitlements, *Hearing on Continuing Oversight of the Social Security Administration's Mismanagement of Federal Disability Programs* (Nov. 19, 2013).

<sup>32</sup> *Id.* 

#### IV. NO IMPACT ON TRUST FUND SOLVENCY

Republicans frequently make reference to the Disability Insurance Trust Fund's predicted insolvency in 2016 as the motivation for the Committee's investigation, suggesting that ALJs with high allowance rates jeopardize the solvency of the Trust Fund. For example, in a letter to the Social Security Administration on June 7, 2013, Chairmen Issa, Lankford, and Jordan wrote:

The Committee's oversight of the Social Security Administration's management of federal disability programs is essential given that the SSDI trust fund will be bankrupt in three years and the rapid growth of federal disability programs harms both the truly disabled and taxpayers financing the program.<sup>33</sup>

According to testimony from the Chief Actuary for the Social Security Administration, however, this forecast of trust fund insolvency was made decades ago:

In the 1995 Trustees Report, we projected that DI Trust Fund reserves would remain adequate until 2016. For the most recent Trustees Report published in April of 2012, we projected that DI Trust Fund reserves would again be adequate until 2016.<sup>34</sup>

The Chief Actuary explained that insolvency was not a result of fraud, improper payments, or agency inefficiency, but rather demographic factors:

Demographic changes, principally the drop in the birth rate after the baby boom, have dramatically changed the age distribution of the population. This change has increased the cost of the DI program as a percent of taxable payroll (and as a percent of GDP) over the past 20 years in much the same way that it will raise OASI and Medicare costs over the next 20 years. Disability insured rates and incidence rates have increased substantially for women, further contributing to higher DI cost. However, all of these trends have stabilized or are expected to do so in the future.<sup>35</sup>

The solution to trust fund insolvency requires Congress to reallocate payroll taxes between the Old Age and Survivors trust fund and the Disability trust fund. According to the Chief Actuary:

A modest reallocation of the total OASDI payroll tax can be enacted prior to 2016 that would equalize the actuarial status of the OASI and DI programs, allowing both programs to pay full scheduled benefits until 2033.<sup>36</sup>

<sup>34</sup> House Committee on Ways and Means, Subcommittee on Social Security, Testimony of Stephen Goss, Chief Actuary, Social Security Administration, *Hearing on Financing Challenges Facing the Social Security Disability Insurance Program* (Mar. 14, 2013).

<sup>&</sup>lt;sup>33</sup> Letter from Chairmen Darrell Issa, James Lankford, and Jim Jordan to Acting Commissioner Carolyn W. Colvin (June 7, 2013).

<sup>&</sup>lt;sup>35</sup> Id.

<sup>&</sup>lt;sup>36</sup> Id.

Congress has reallocated several times in the past, the last time in 1994. Only Congress has the authority to reallocate tax revenues to avoid the depletion of trust fund reserves.

During the April Subcommittee hearing, Marianna LaCanfora, the Acting Deputy Commissioner of the Office of Retirement and Disability Policy, testified that eliminating the backlog of CDRs is a useful program integrity measure, but it will not have a significant impact on the solvency of the trust fund. When asked about the impact on the trust fund of performing every CDR in a timely manner, Ms. LaCanfora replied that it "would be small" and "would not extend the life of the trust fund."<sup>37</sup>

She added:

The shortfall is not new; there have been shortfalls in our trust funds at least a half dozen times since the inception of the programs, and the Congress has a couple of options. They can do payroll tax redistribution and there are a couple of legislative mechanisms through which to do that. ... The policy and the process and the management of the agency is not the cause of the reserve depletion. The cause of the reserve depletion is demographics: baby-boomers aging, women entering the workforce.<sup>38</sup>

#### V. RECOMMENDATIONS

Based on the Committee's investigation, Congress should consider providing sustained funding to enable the Social Security Administration to hire adjudicators and support staff to reduce wait times and eliminate backlogs in initial claims processing to meet the following benchmarks: 90 days for initial applications and 270 days for hearings before ALJs.

Congress also should consider increasing investments in program integrity in order to: (1) fully fund the Cooperative Disability Investigative units to cover all 50 states and U.S. Territories; (2) eliminate the backlog of Continuing Disability Reviews in order to fully comply with the requirements of Section 221(i) of the Social Security Act; and (3) expand quality improvement efforts for ALJs, including at least 20 focused reviews per month of decisions made by ALJs in connection with Section 205 and Section 1633(e) of the Social Security Act.

Finally, Congress should consider reallocating FICA revenues between the Old Age and Survivors Trust Fund and the Disability Insurance Trust Fund to extend their projected insolvency dates to 2033. Reallocation would have no effect on the overall financial status of the Social Security system.

<sup>&</sup>lt;sup>37</sup> House Committee on Oversight and Government Reform, Subcommittee on Energy Policy, Health Care and Entitlements, *Hearing on Examining Ways the Social Security Administration Can Improve the Disability Review Process* (Apr. 9, 2014).

<sup>&</sup>lt;sup>38</sup> Id.

#### VI. WITNESSES

#### Tuesday, June 10

#### Panel One

Senator Tom Coburn Ranking Member Senate Committee on Homeland Security and Governmental Affairs

#### Panel Two

**The Honorable Charles Bridges** Administrative Law Judge Social Security Administration Harrisburg, PA

### The Honorable James A. Burke

Administrative Law Judge Social Security Administration Albuquerque, NM

#### The Honorable Gerald I. Krasfur

Administrative Law Judge Social Security Administration Kingsport, TN

#### The Honorable Harry C. Taylor II

Administrative Law Judge Social Security Administration Charleston, WV

#### Wednesday, June 11

**The Honorable Carolyn W. Colvin** Acting Commissioner Social Security Administration

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