
Administration and Service Delivery in the SSI Program: The First 10 Years

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This article provides an overview of the administrative structures and processes through which the Social Security Administration delivers its services to Supplemental Security Income (SSI) claimants and recipients. It documents the improvements and adjustments that have been made in the administration of SSI from 1974, when the program began, through 1983, the 10th year of its operation. The first decade of SSI was marked by significant changes that have led to improvements in fiscal responsibility and administrative efficiency for the program. Among the subjects covered are the legislative history of the program, the claims process, posteligibility procedures, underpayments and overpayments, the administrative complexities that have had to be surmounted, and administrative efforts aimed at quality assurance.

This article provides an overview of the administrative structures and processes through which the Social Security Administration (SSA) delivers its services to Supplemental Security Income (SSI) claimants and recipients. It documents the improvements and adjustments that SSA has made in the administration of the SSI program from 1974, when the program started, through 1983, the 10th year of operation. The first decade of the SSI program was marked by significant changes and improvements that led to improved fiscal responsibility and administrative efficiency in day-to-day operations. These changes and improvements have also in many cases reduced the burden on the recipients and resulted in more accurate, reliable payments.

Legislation and other changes have altered many of the processes put in place in 1974 and have affected how the agency and SSI recipients interact. The 10th anniversary of the program is an appropriate time to examine these changes and their effects.

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Legislative History

Federalization of Welfare Categories

The SSI program was enacted as part of the Social Security Amendments of 1972 (Public Law 92-603). Before enactment of this law, four cash benefit assistance programs were operated by State and local jurisdictions under titles of the Social Security Act: Old-Age Assistance (OAA), Aid to Families with Dependent Children (AFDC), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD). The Federal Government provided grants-in-aid that matched State funds spent on the basis of formulas in the law.

Congress expected that uniform eligibility requirements and benefit payments in the new program would replace the multiplicity of requirements and payments under State-operated programs. Eligibility and payment amounts are clearly defined in the law and are related to facts that can be objectively determined. The area of administrative discretion is limited. The Federal eligibility requirements and payment levels are identical throughout the 50 States and the District of Columbia.

The basic eligibility requirements are that the individual be aged 65 or older or blind or disabled and meet the statutorily defined income and resource limitations as well as the citizenship and residency requirements. For the blind and disabled, generally the same definitions of disability and blindness as used in the contributory social insurance program are used for determining eligibility for benefits.

The payment amount is determined by subtracting countable income from the payment standard. In determining income, both earned and unearned income are taken into account. Earned income includes wages and net earnings from self-employment, and unearned income includes all other income. A certain amount of each type of income is excluded from consideration. Resource limits are also established by law. In determining resources, a home, household goods, personal effects, and certain other items are excluded.

Federal-State Partnership

The SSI program created a new Federal-State partnership in which the Federal Government is responsible for funding and administering a uniform minimum level of income for the needy aged, blind, and disabled. Under the partnership, the Federal Government assumes the responsibility for interviewing claimants for SSI payments and makes decisions on their eligibility. The States supplement the Federal SSI standard, where necessary, by mandatory or optional State supplementation.

Optional supplementation. States may choose to provide additional benefits to meet needs arising from higher living costs in certain geographical areas and in certain living arrangements. The Federal Government administers the payments and pays the State amount in the same check as the Federal SSI payment at no administrative cost to the State. It was decided to permit Federal administration of supplementary payments involving geographical subdivisions, living arrangements, and categories of eligibility. This position was a compromise between giving States the flexibility to adjust to local circumstances and encouraging them to provide supplements on the one hand, and considerations of limiting Federal administrative complexity and cost on the other.

Congress recognized that States opting for Federal administration of their supplementation programs would lose control over program costs. The SSI law therefore included a hold-harmless provision under which States that elected Federal administration of their programs were protected against increased supplementation costs over which they had no control.

Mandatory supplementation. When the SSI program began making benefit payments in January 1974, the assured SSI minimum income level was higher than the existing levels of assistance in about half the States under the former Federal-State program. Most recipients in those States received increased payments as a result of the higher Federal levels, and the States did not have to supplement the Federal payments for those persons. Congress was concerned, however, that other recipients in those States, who because of some special need or circumstances had been supported to a level above the Federal level, and recipients in other States

that generally provided support levels that were higher than the Federal level, would have been disadvantaged when the Federal program went into effect. Consequently, Public Law 93-66 contained a provision that generally required States to supplement the Federal program where necessary to at least maintain assistance recipients' incomes at their December 1973 levels if they received benefits at that time. This is mandatory supplementation. States that do not maintain their current assistance recipients' December 1973 income levels are not eligible for Federal matching funds for the Federal-State medical assistance program (Medicaid).

After Congress began providing cost-of-living adjustments (COLA's) based on increases in the Consumer Price Index (CPI), there was concern that the increased Federal benefit levels would not be passed on to recipients because States might reduce the dollar amount of their State supplementary benefits by the amount of the increase in the Federal benefits. Under the provisions of Public Law 94-585 (October 21, 1976), Congress required the States to pass through increases in the Federal benefit rate to the SSI recipients. States were given two options in meeting this requirement—maintaining the December 1976 payment levels to all categories of recipients, or maintaining the previous year's total supplementation expenditures (compliance was measured on a July 1 through June 30 basis before January 1984 and on a January through December basis beginning January 1984). A State electing to use the second method was free to adjust payment levels of various categories of recipients so long as its aggregate yearly expenditures equaled expenditures over the previous 12-month period.

Congress, some 6 years after the institution of mandatory passthrough, made three changes in passthrough requirements in rapid succession. These changes came in response to States' fiscal concerns and in recognition of the interaction of a declining SSI caseload and the two options available to States under the passthrough provision. Because there were fewer eligibles to pay, States that had chosen to maintain expenditure levels could not meet that requirement easily. The alternatives were either to raise payment levels so that expenditures would equal those of the previous year or to switch to the individual payment level method, which would entail going back to the December 1976 level and passing through all cost-of-living increases since that time.

The first amendment, a provision in Public Law 97-248 (September 3, 1982), allowed States using the aggregate expenditure method to switch to the payment level method by maintaining the levels in effect in December of the previous period rather than those in effect in December 1976. This amendment permitted States to adjust their supplementary programs to current conditions and still operate them in the most economical manner at little or no risk to recipients.

The second amendment, contained in Public Law 97-377 (December 21, 1982), waived certain requirements of the passthrough provision to protect States from losing Medicaid funding because their expenditures for SSI supplementation in the period July 1980-June 1981 had fallen short of expenditure levels in the preceding 12-month period. Once again, this result was obtained without risk to recipients because the shortfall in expenditures had not been caused by the States having lowered their benefit levels, but by a declining caseload.

Mandatory passthrough was modified a third time by a provision of Public Law 98-21 (April 20, 1983). A State using the payment level method for any period ending after June 30, 1982, is now required to maintain its March 1983 levels and, since July 1983, has had to pass through at least the increase in the Federal benefit rate that would have occurred had the scheduled 3.5-percent COLA been effective in July 1983 rather than delayed until January 1984. This provision was related to the delay in the SSI COLA and its purpose was two-fold. It assured that recipients would receive at least as much of an increase as they would have gotten had the COLA not been delayed, and it precluded significantly higher supplementation costs for the States, which might have resulted from their having to pass through the entire \$20/\$30 Federal benefit increase in July 1983.

Congress also reaffirmed, after an intervening departure, its original intent concerning the hold-harmless protections offered to States choosing Federal administration of their supplementation programs. The change was accomplished through a gradual withdrawal of the Federal protection. The 97th Congress approved legislation phasing out hold-harmless funding over a 3-year period ending with fiscal year 1984.

Administration of State supplementation. SSA has negotiated contracts for Federal administration of State supplementation of Federal benefits in 27 States, and the negotiations are of a continuing nature. In 17 of those States, there is Federal administration of both the mandatory and optional State supplements, while 10 States have Federal administration of the mandatory supplementary programs only.

There is no uniformity from State to State in the supplementary programs. Optional State supplementation is designed to permit States to meet needs as they perceive them, and the result is a variety of differing supplementary payment amounts.

SSA has also entered into agreements with 27 States under which determinations are made of eligibility for the State medical assistance programs for SSI claimants. In addition, many States that did not opt for federally administered State supplementation or federally prepared determinations of medical assistance eligibility have signed agreements with the Secretary of Health and Human Services (HHS) under which SSA and the

State exchange eligibility and payment data that both parties need to administer their respective programs. Regardless of the type of agreement between SSA and the State, there is a need for exchanging data, since many of the program requirements are the same. For this purpose, SSA has developed an electronic data processing system known as the SSI/State Data Exchange System, or SDX.

Claims Process

The claims process includes the application interview, the obtaining of necessary evidence and documentation, and the adjudication of the claim. Although requirements for entitlement differ between titles II (the Social Security cash benefits program) and XVI (the Supplemental Security Income program), the claims process as it relates to the claimant is similar. In many situations, claimants file for benefits under both programs at the same time. For ease of discussion, the claims process is considered in several segments.

Interview

Potential claimants initially contact SSA by phone, mail, or in person. In some cases, friends, relatives, or other interested parties will make the initial contact. The field office conducts an interview with the claimant and/or his or her representative through a face-to-face interview in the office or by phone. Personal contact at the residence is made when, for some reason, the phone cannot be used and the claimant cannot make a visit. The field office interviewer, usually a claims representative, assists the claimant in completing the form.

Proofs

Section 1631 of the Social Security Act requires SSA to verify relevant facts with information from independent or collateral sources. The Act specifically states that SSA may not base its decisions on claimant allegations.

The basic responsibility for submitting required evidence is with the claimant. However, because of SSA's experience in obtaining certain types of evidence, the agency often assists the claimant with advice on the easiest way to obtain it. A good example is the need to obtain a birth certificate as proof of age. In such situations, the claimant is advised where to write (the State Bureau of Vital Statistics) and about the fee for such a record.

Because of the special circumstances (financial need, old age, illness, and so forth) of the SSI population, SSA makes special efforts to assist claimants in obtaining necessary proofs. This includes such actions as obtaining a birth certificate on their behalf, thereby saving them the fee and eliminating the burden of having to

write for the evidence. Those who are capable of pursuing the needed evidence are required to do so.

Institutionalized Claimants/Recipients

Many SSI claimants, simply because of the nature of the program, are "institutionalized"—that is, they reside in some form of group living arrangement, such as a nursing home, adult home, or State mental hospital. SSA makes special efforts to meet the needs of these individuals. Field offices are required to make arrangements with institutional facilities in their service areas to process initial claims and posteligibility reports that affect the recipient's benefits. Efforts include regularly scheduled visits to institutions with large populations to take claims, answer questions, and so forth. In addition, special arrangements are made with the institutions so that employees can report events affecting a recipient if the recipient is unable to report. These arrangements usually include supplying reporting forms to the institutions and advising the institution of the name and phone number of a designated field office employee who can be contacted to handle any business matters concerning recipients. SSA also has procedures to accept claims from individuals residing in institutions who will be eligible for SSI upon release, when release is expected shortly.

Initial Claims Processing Time

The following table, reproduced from the 1977 Senate Finance Committee staff report, displays SSI processing time data for the early years of the program:

Table 31.—SSI processing time: initial application to payment or denial*

Number of days elapsed	Percent of all claims completed in—				
	September 1974	March 1975	September 1975	March 1976	December 1976
A. All claims:					
0 to 20 .....	...	12	31	25	15
21 to 30 .....	...	9	9	13	11
31 to 60 .....	...	24	27	34	32
Over 60 .....	...	55	33	28	42
B. Aged claims:					
0 to 20	18	25	43	51	33
21 to 30	7	14	16	16	16
31 to 60	12	20	22	23	30
Over 60	63	41	18	10	21
C. Blind/disabled:					
0 to 20	13	6	27	18	10
21 to 30	7	7	8	13	10
31 to 60	15	26	28	36	33
Over 60	66	61	37	33	47

* Data show the elapsed time from claim to disposition for claims disposed of in certain months. Comparable data concerning the length of time claims have been pending within the administration at any given time are not available.

The tabulation in the next column displays the processing time from initial application to payment or denial for fiscal years 1981-83.

Number of days elapsed	Percent of claims completed in fiscal year—		
	1981	1982	1983
A. Aged:			
0 to 20	77.5	66.9	65.1
21 to 30	11.3	15.7	17.2
31 to 60	9.2	13.9	14.6
Over 60	2.0	3.5	3.1
B. Blind/disabled:			
0 to 20	20.9	49.9	2.0
21 to 30	10.4	17.0	16.8
31 to 60	35.5	15.7	13.3
Over 60	33.2	17.4	49.9

Emergency Aid and Delays in the Claims Process

The SSI program, unlike the programs it replaced, was not designed to respond to the immediate needs of claimants. The application process, which was patterned after Old-Age, Survivors, and Disability Insurance (OASDI) claims processing, requires, on average, approximately 20 days for aged applications and approximately 69 days for disability applications to be processed. Added to these timeframes is the time needed to release the SSI check from the Treasury Department's disbursing center in Birmingham, Alabama, and to deliver it to the recipient. Despite numerous improvements in the claims and payment processes since 1974, the average eligible aged claimant still waits almost 27 days from the application date to receive an SSI check. Disability claimants wait almost 76 days to receive an SSI check. Claims processing delays, whether the result of the claimant's failure to supply needed evidence or SSA's failure to process the claim in a timely manner, increase the time required to receive a check.

In 1977, when studying the issue of the responsiveness of the SSI program to the immediate needs of claimants, the Senate Finance Committee staff noted:

The SSI program does not contain the same flexibility to deal with emergency situations as did the former State welfare programs. While it was recognized by Congress that there would have to be some provision for emergency situations, these were necessarily limited since it was not possible to make the SSI program highly responsive to individual circumstances without seriously undermining its intended manner of operation.¹

The original SSI legislation and subsequent amendments, coupled with a variety of State and local programs, partially fill the gap in responsiveness to individual emergency situations.

¹ Staff to the Committee on Finance, United States Senate, *The Supplemental Security Income Program* (Committee Print, 97th Congress, 1st session), 1977, page 99.

Emergency advance payments. Section 1631(a)(4)(A) of the Social Security Act permits SSA to make a \$100 emergency advance payment to qualified SSI claimants. The payment can be made only once and is recovered from the first regular monthly SSI check.

SSA operating instructions encourage interviewers to discuss advance payments even when the claimant may be reluctant to request such emergency assistance. The decision to issue an advance payment can be made by the interviewer based on the alleged, undocumented circumstances of the otherwise qualified claimant.

In practice, SSA use of advance payment procedures has declined consistently since 1974. The following tabulation summarizes, by dollar amount and fiscal year, the funds issued to SSI claimants under emergency advance payment procedures.

Fiscal year	Amount
1974 ¹	\$7,396,741
1975	1,786,676
1976	681,370
1976 ²	140,145
1977	363,576
1978	185,771
1979	145,963
1980	123,006
1981	96,091
1982	70,450
1983	70,908

¹ Represents January 1974 to June 1974.
² Represents July-September 1976 (transitional quarter).

The amounts paid out in the form of emergency advance payments during 1974 cannot be attributed solely to excessive emergency needs on the part of claimants. Rather, during the early months of the SSI program, many recipients who were converted from State assistance rolls were not entered properly on SSA's computer system. The emergency advance payment was, in many instances, the only method SSA could utilize to get funds to such individuals.

The steady decline in emergency advance payments since 1974 can be attributed to saturation of the universe of potential claimants, availability of other assistance (such as State interim assistance) before applying for SSI, and the overall decline in the number of new claimants. Also, where delays occur in issuing the first SSI payment, SSA field offices have become more adept at using other means to issue a check, such as the force-payment process, which bypasses normal systems payment processes, or the manual one-time payment process. Both of these methods can provide a payment in an amount greater than the \$100 that can be issued through emergency advance payment procedures.

Presumptive disability payments. The legislation that established the SSI program provided that payments on the basis of disability or blindness may be made for up to 3 months to "presumptively eligible" individuals. When there is a reasonable indication that a person's

impairment will meet the definition of disability or blindness, an individual may receive SSI payments while evidence is being obtained and evaluated. These payments are not considered overpayments and are not recovered in those rare cases where the claimant later is found not to be disabled or blind.

Initially, the determination of presumptive disability was limited to some of the most severe and identifiable impairments—those most likely to be found disabling—such as (1) amputation of two limbs, (2) amputation of a leg at the hip, or (3) allegations of total deafness. In 1975, six additional categories of impairments were included. Regardless of the nature of the impairment, payment cannot be made unless the nondisability requirements for SSI eligibility are met. State Disability Determination Services (DDS's) also can find presumptive disability in any case in which medical evidence received during the course of development indicates a "high degree of probability" that the claimant is disabled.

SSA operating instructions regarding presumptive disability determinations permit interviewers to make presumptive disability decisions, with few exceptions, based solely on their observations of the claimant. Once a presumptive disability determination is made, an initial SSI check will be issued in approximately the same length of time required for an SSI aged person's claim (27 days). In cases of extreme emergency the presumptive disability decision may be coupled with the emergency advance payment procedure, and a one-time \$100 payment may be issued immediately.

The following tabulation summarizes the number of presumptive disability decisions made during fiscal years 1974-83 and the number of such decisions as a percentage of all SSI disability allowances for each fiscal year.

Fiscal year	Field office presumptive disability (PD) decisions	State DDS PD decisions	Total SSI disability allowances	PD decisions as percent of total
1974	(1)	3,348	(2)	(2)
1975	(1)	117,061	(2)	(2)
1976 ³	3,293	101,522	(2)	(2)
1977	2,104	81,620	344,976	24
1978	4,142	44,914	286,718	17
1979	5,141	43,484	257,625	18
1980	5,220	36,687	241,018	17
1981	7,060	30,874	212,675	17
1982	5,594	27,148	185,424	18
1983	6,943	33,939	225,453	18

¹ Data not available for fiscal years 1974 and 1975.
² Data not available for fiscal years 1974, 1975, and 1976.
³ Data for fiscal year 1976 represents 66 weeks (that is, it includes the transitional quarter).

Interim and emergency assistance. In the early days of the program, SSI applicants were frequently enrolled in State-funded General Assistance (GA) programs before their applications for SSI were fully processed. These GA payments counted as income and reduced the SSI

payment dollar for dollar. To avoid this financial loss, some States began making loans to SSI applicants, to be repaid with the retroactive SSI payments. This solved the problem of the State payments counting as income, since loans are not income for SSI purposes, but States encountered difficulties in collecting on these loans. Legislation was enacted in August 1974 permitting SSA to send the recipient's first check to the State or local jurisdiction that had provided interim assistance payments to individuals who were awaiting eligibility decisions from SSA. The State deducts the amount of interim assistance paid and returns any remainder to the recipient. As of December 1983, 32 States and the District of Columbia had entered into interim assistance reimbursement agreements with SSA and were providing for the immediate needs of their residents while those persons were awaiting SSI payments. Some States without interim assistance provide monthly grants to needy individuals, while, in other States, the SSI claimant may remain part of a family grant under other assistance programs (for example, AFDC) or can receive a loan from the State or municipality while awaiting a decision on an SSI claim. Approximately 10 States have no programs providing any form of interim assistance to SSI claimants.

Posteligibility Procedures

SSI Redeterminations

Once a person is eligible for SSI payments, SSA periodically reviews the nondisability factors used to determine eligibility and payment amount. These reviews are called redeterminations. Redeterminations are required by law and regulations to assure that payments are made only to eligible persons and that the past, current, and prospective amounts of SSI payments and SSA administered State supplements are correct. The redetermination can be a face-to-face interview conducted in an SSA office, a telephone interview, or the completion of a mail-out form.

The length of time between redeterminations depends on the likelihood and amount of erroneous payments. Those recipients more likely to be ineligible or significantly overpaid are scheduled for redeterminations annually. Less error-prone cases are scheduled for redetermination once every 3 years. Recipients in Medicaid institutions and limited to a \$25 benefit cap are currently not scheduled for redetermination after their first redetermination.

The first redeterminations were scheduled for 1975, 1 year after the SSI program went into effect. However, because of the deluge of work associated with converting recipients from State to Federal rolls and of signing up millions of new participants, SSA was unable to process all redeterminations in a timely fashion until the

end of 1977. There are, and have been, approximately 4 million recipients on the rolls since 1975. SSA processed 2.3 million redeterminations in 1975, 3.5 million in 1976, and finally became current by handling 5.8 million in 1977.

During the early years of the redetermination effort, all recipients were treated alike, each undergoing a lengthy indepth interview and required to submit substantial documentation of reported events and circumstances. All redeterminations were carried out by technical field personnel, usually in the local SSA office. The redetermination procedure was a costly, labor-intensive operation for SSA and a considerable burden on recipients.

In 1979, SSA took a major step to gain better control over the redetermination process and to lessen the reporting burden on recipients. In that year, a sophisticated method of identifying error-prone recipients was implemented nationwide. Called the error profile concept, the method is based on SSA quality assurance data, which indicate that the majority of errors occur in cases with certain recipient characteristics (for example, income, living arrangements, payment amount, and so forth). A computer program developed to evaluate those characteristics was used to break down the selected cases into error strata or profiles. SSA is now able to separate the more error-prone recipients from the less error prone and tailor the redetermination development procedures according to the amount of error likely to occur.

While the profiles were being developed, the Posteligibility Operations Section (PEOS) was created in SSA's Baltimore headquarters to process, by means of a brief mail contact with recipients, those redetermination cases that the profiling method had determined to have the least amount of payment error. With the introduction of the mail redetermination process, both the administrative cost of redeterminations and the burden on the recipients redetermined by mail were reduced.

A significant improvement in the profiles was made in 1980. Within the overall category of scheduled redeterminations, previously undetermined recipients were identified and profiled separately. Quality assurance data showed that a significant number of payment errors (particularly underpayments) occur during the early months of a recipient's eligibility. By identifying and correcting those errors early, recipients could be better assured of receiving proper payments. This redetermination workload was released to the field offices at certain times throughout the year, cases being selected within 1-3 months of initial SSI payment.

The profiles of some other types of cases showed them to have so little payment error that redetermining them annually was not cost effective. In keeping with SSA's goal of putting the resources where the need is greatest, regulations were changed so that these types of

recipients would have redeterminations scheduled triennially instead of annually. The cumulative effect of these and other changes resulted in a 23-percent decrease in the total number of redeterminations required in 1980. This reduction means that approximately 1 million recipients no longer require a redetermination in any year.

Reports and Notices

One of the major SSI posteligibility workloads that must be processed by SSA field offices is reports of various events that may affect continuing eligibility or payment amount. Examples of such events are change of address, an increase or decrease in other income, and admission to or discharge from an institution. SSA categorizes such reports based on the source of the report:

- First party reports. These are reports made by the recipient or his or her representative payee.
- Third party reports. These are reports made by anyone other than the recipient or his or her representative payee. Such reports can come from a variety of sources, such as relatives, friends, and neighbors. They can also come from such sources as other government agencies, welfare organizations, and institutions. Third party reports are verified with the recipient in most situations before any action is taken.

In processing either type of report, SSA notifies the recipient (or representative payee) if there will be an effect on continuing eligibility or payment amount. Notification is always done in writing, although in most situations the recipient has been advised informally by the field office during the processing of the report.

In the case of changes that will result in an adverse action—that is, the recipient's payment will be reduced, suspended, or terminated—SSA notifies the recipient in advance of the action and advises as to appeal rights. In addition, the recipient is notified that, if an appeal is filed within a specified time, payment will continue at the previous rate through the first step in the appeals process.

SSA uses a variety of notices, depending on the proposed action. Most notices are systems generated. However, where the system is unable to produce an appropriate notice, the SSA field office prepares the notice. SSA notices, in addition to advising the recipient in writing of any change in payment or eligibility, state that if the recipient has any questions he or she can contact the local Social Security office for information.

Data Exchanges

Background. The title XVI legislation requires that title II benefits, as well as benefits paid by other Federal

agencies, be considered as income in calculating the SSI payment. This fact, coupled with the mandates in sections 1631(e)(1)(B) and 1631(f) of title XVI established the need for the SSI system to be notified when such types of income are received or changed. Moreover, recommendations from the General Accounting Office also highlighted the need for electronic verification and updating of income from independent, collateral sources.²

To meet these requirements, the SSI system was initially designed and subsequently modified to provide for data exchanges (interfaces) between SSA-maintained systems and between the SSI system and the systems of other Federal agencies. Among the data exchanges currently in effect are those linking SSI data with information from the Social Security Administration cash benefits program, the Earnings Reference File, the Veterans Administration (VA) Compensation and Pension Master File, the Railroad Retirement Board (RRB), the Office of Personnel Management, the Department of Defense, the Numerical Identification System, and the Recovery of Overpayments, Accounting, and Reporting System.³ The SSI system also provides data exchanges directly with the 50 States and the District of Columbia.

Improvements and proposed interfaces. SSA has also sought to improve the timeliness and reliability of changes in income (Veterans Administration and Railroad Retirement Board) by establishing daily interfaces with the VA and RRB. Development of these exchanges has been deferred due to SSA's current systems modernization activities. Efforts are also underway to expand the interface with the Earnings Reference File to match pension information with the Supplemental Security Record.

Additionally, a feasibility study was conducted jointly by the Department of Labor (DOL) and SSA to determine the degree to which SSI recipients fail to report receipt of benefits paid by DOL. This study identified 300 SSI recipients with concurrent DOL/SSI eligibility. Analysis of the results of the study is underway. SSA is committed to exploring other types of matching activity, including interfaces with workers' compensation, death records, prisoners, and bank records.

State Data Exchange. The State Data Exchange (SDX), inaugurated in December 1973, provides all States and the District of Columbia with data related to those persons converted to the SSI rolls as welfare cash recipients as of December 1973 and, additionally, those persons applying for SSI for January 1974. The SDX was created in response to the required enhancement of Federal-State relationships resulting from SSI.

SDX records are 1,000-position fixed length records

² General Accounting Office, *SSI Payment Errors Can Be Reduced*, November 18, 1976.

³ *Administration and Service Delivery*, op. cit., describes these data exchanges in detail.

generated following each SSI processing cutoff. Files containing record changes are forwarded to the States and the District of Columbia on a weekly basis (except for six States that receive SDX files immediately following each cutoff by electronic wire transmission). Additionally, each State and the District of Columbia receives a monthly payment (Treasury) file delineating SSI check amounts for the subsequent month. An optional SDX file is created quarterly, upon State request, providing the latest record for each applicant within a State. The purpose of the quarterly (reconciliation) file is to allow States to ensure agreement between the SSA master file and individual State master files.

SDX records contain data relevant to SSI eligibility and payment as well as data relevant to eligibility for various social programs not administered by SSA. Based upon written contractual agreement, State supplementary eligibility and payments administered by SSA, Medicaid eligibility determinations made by SSA, as well as minimal Food Stamp eligibility information and third-party medical insurance data are included to support State processing.

The SDX provides data to the States usually within 1 week of its input by the SSA district office. A posteligibility change to any SDX data causes generation of an updated SDX record.

Computations

The original SSI legislation required SSA to compute payment amounts on a prospective, quarterly basis. From January 1974 through March 1982, payment amounts were based on the recipient's anticipated income and living arrangements during each future quarter of eligibility. The developers of the quarterly prospective computation for the SSI program thought that such a computation would minimize changes in monthly payments caused by income variations. Also, as discussed in the 1977 Senate Finance Committee staff report:

The adoption of a quarterly accounting period in the original SSI legislation was apparently based on the fact that the Social Security Administration receives quarterly reports of all wages in employment covered by social security. Thus, the use of a quarterly accounting period for SSI could simplify the use of social security wage records to verify an SSI beneficiary's reported income from wages.⁴

In practice, changes in monthly payments were not minimized by the quarterly computation. Overpayments and underpayments occurred often due to recipients' frequent changes in income or living arrangements, especially when changes could not be predicted before the start of a quarter. The quarterly computation also was

⁴ The SSI Program, op. cit., page 80.

difficult to administer from the viewpoint of the recipient. Often, when reporting a change in income or living arrangements that would affect their payment, recipients believed that their only obligation was to report the change. However, since changes of this type usually caused a decrease in payment amount, and usually occurred too late in a quarter to provide due process rights and have the computer system adjust the check amount, an overpayment occurred. When notified of the overpayment and asked to repay, recipients on occasion expressed feelings that they were being penalized despite having fulfilled their reporting requirements.

The quarterly computation became a topic for consideration for many oversight groups reviewing the SSI program. Most notably, the SSI Study Group Report (the Rutledge Report) of January 1976 and the Senate Finance Committee staff report in April 1977 both recommended changing the SSI computational period from quarterly to monthly and further recommended consideration of retrospective, rather than prospective, monthly accounting. The General Accounting Office, in a report to the Senate Finance Committee dated May 26, 1978, also supported legislation to institute retrospective monthly accounting (RMA) for SSI.

Public Law 97-35, which was enacted August 13, 1981, changed the method of computing SSI payments from quarterly and prospective to monthly and retrospective. The computational change became effective April 1, 1982. Under the RMA computation, a recipient's payment amount usually is based on the income and living arrangements that existed 2 months before the payment month being computed. Some exceptions to this computation exist to address situations involving new applications or reinstatements following a period of ineligibility. Also, beginning January 1984 as required by Public Law 97-248, the retrospective computation is not used for title II income for the first 2 months in which a COLA is received in the title II benefit. The increased title II benefit is used to compute the SSI payment for the same month as the effective month of the increase.

From the SSI recipients' viewpoint, changing to RMA should reduce the incidence of overpayments caused by changes in income or living arrangements that affect the payment amount. If the recipient reports changes of this type on time, the SSI computer system can compute correctly the new payment amount before any overpayment occurs.

Underpayments and Overpayments

Section 1631(b)(1) of the Social Security Act states that:

Whenever the Secretary finds that more or less than the correct amount of benefits has been paid with respect to any individual, proper adjustment or recov-

ery shall . . . be made by appropriate adjustments in future payments to such individuals or by recovery from or payment to such individual

Thus, when the SSI program was created, it was recognized that overpayments and underpayments were going to be part of any cash assistance program that computed payments based on changeable information provided by recipients. Improvements in claims taking and documentation procedures, quality assurance techniques, redeterminations of eligibility, and legislative improvements have contributed to a reduction in the error rate.

Underpayments. Underpayments in small amounts are released to the recipient automatically when calculated by the SSI computer system. When it became apparent that the amount of an underpayment was frequently large, SSA modified the computer system and procedures for controlling underpayments. This was done because several studies, including one by the General Accounting Office, showed that a high degree of error was present in large underpayment cases. The computer system was changed to prevent the automatic release of an underpayment of \$1,000 or more and special input criteria were established for releasing such underpayments. Field offices were required to review the circumstances and amount of underpayments to assure their accuracy before permitting the computer system to release the underpayment. For underpayments of \$2,000 or more, SSA created a special staff in Baltimore to review the facts resulting in such large underpayments and prevented, through the computer system, field offices from releasing to recipients any underpayment greater than \$2,000. Underpayments greater than \$2,000 can be released to a recipient only on the basis of systems input, which must be completed from headquarters. Statistics have shown that use of the special staff to review underpayments greater than \$2,000 is cost effective and has prevented the release of millions of dollars in erroneous underpayments.

Overpayments. The existence of an overpayment is detected by the SSI computer system when it recalculates the payments made on individual computer records. Although recalculation occurs normally as a result of various computer processes, it also occurs when information is reported by the recipient and is put into the computer system from an SSA field office. Generally, changes are reported by recipients during redetermination interviews and the changes often are reported after the fact, resulting in overpayments. Before the RMA calculation was established, overpayments occurred even if the events were reported in a timely manner.

Once an overpayment occurs, the computer system sends an electronically transmitted message to the field office requiring the field office to take appropriate action. The field office issues to the recipient a manually prepared overpayment notice stating the cause and amount of overpayment. The notice also proposes

SSA's method of recovery and discusses the right to appeal or request waiver of repayment of the overpayment. Before January 1982, SSI overpayment notices to recipients who remained eligible for payments proposed recovery by adjustment of future payments. Beginning in January 1982, all SSI overpayment notices to recipients who continue in payment status request full refund of the overpayment and propose, in lieu of full refund, full withholding of the SSI payment to recover the overpayment. The recipient may request, at any time, that less than the full SSI payment be withheld to repay the overpayment.

SSA has enhanced its computer system to control overpayments more carefully. For example, the diary system keeps alerting a field office to the existence of an overpayment and the diary cannot be removed until the overpayment is resolved, preventing accumulation of a backlog of overpayments. The computer system also has been improved to record more specific information about how an overpayment was resolved. Field offices can now update the master record to indicate that an overpayment was referred to another government agency for collection or that the field office intentionally suspended collection activity. Further improvements are planned for resolving overpayments, such as computer-generated overpayment notices for SSI, which will save considerable field office processing time, and an automated system to bill and follow up on overpayments that are being repaid in installments. These improvements, while not preventing overpayments, will assure that the overpayment is resolved quickly, with the minimum amount of administrative expense, and with consideration of the rights and circumstances of the overpaid SSI recipient.

The SSI Payment System

The development of the SSI payment system required close cooperation with the Treasury Department's Bureau of Government Financial Operations (BGFO). SSA officials began meeting with BGFO officials shortly after passage of the SSI legislation. A joint SSA/Treasury work group was organized and an overall project control outline developed for implementation of the SSI payment program. Regular weekly meetings were held to discuss the various aspects of the SSA/Treasury operation and how they would interact to successfully administer the SSI payment system.

As a result of early staff meetings, SSA and Treasury officials decided that written agreements were the preferred method to develop and document procedures and systems requirements needed by each organization. This would ensure that there was no misunderstanding in how SSA and the Treasury Department should interact. The developed SSI payment system can be broken down into seven parts: payment issuance, direct deposit, re-

turned checks, outstanding checks, nonreceipt process, double negotiation overpayments, and the reclamation process. All of these activities are interrelated within the SSI system and the Treasury Department's payment activities.

SSI payment issuance. SSA currently pays, from general revenues, \$7.8 billion in Federal SSI payments annually to 4 million recipients. In addition, SSA administers supplemental payments totaling \$1.7 billion for 27 States. SSI payments are produced by the Treasury Department out of six regional disbursing centers (Austin, Birmingham, Chicago, Kansas City, Philadelphia, and San Francisco). SSA provides the Treasury Department with a new SSI master payment file during the third week of the month preceding the payment month. The Treasury Department produces payments on unique check stock (gold colored) to distinguish SSI checks from all other Federal payments and releases these checks to the Postal Service 2 days before the scheduled delivery date—that is, usually the first day of each month. The Treasury also prepares the appropriate computer tapes for use by the Federal Reserve Banks in those instances where the SSI recipient is participating in the direct deposit program (460,000 recipients as of June 1984).⁵

As SSI checks are cashed by recipients, data regarding the negotiation are fed back through the banking system to the Treasury Department's facility in Washington for use in any subsequent nonreceipt claims. This process can take from 1 to several weeks. Checks that are undeliverable to the recipient or are otherwise returned are directed to the Birmingham Regional Disbursing Center, which, in turn, alerts SSA.

The payment issuance process developed by SSA and the Treasury Department was agreed to and documented in agreements. Both organizations use an automated process to ensure proper controls and the expeditious issuance of payments. The use of central point accounting within SSA and the Treasury Department helps in all phases of the payment system.

In January 1974, all daily payments (initial, underpayment, and supplemental) were processed by the SSI system and a magnetic tape was transmitted via Digi-tronics equipment to the SSA/Great Lakes Program Service Center for hand delivery to the Chicago Disbursing Center. It should be noted that there was a significant volume (approximately 31,000 per month) of manual one-time payments (OTP's) produced in the early part of 1974 due to the need to pay cases not in the SSI system or that the automated system could not handle. SSA continues to maintain the capability to issue manual OTP's for critical cases, but the volume is only

20-30 cases per month. With an upgrading of transmission equipment in the Treasury Department's Birmingham Disbursing Center, SSA began transmitting all daily payments directly to the Birmingham office in August 1977.

Monthly recurring payments for the SSI program are processed by the following Treasury disbursing centers: Austin, Birmingham, Chicago, Denver,⁶ Kansas City, Philadelphia, and San Francisco. The Birmingham Disbursing Center has total program accountability and is the central contact for SSA concerning all accounting matters dealing with check issuance.

The SSI system splits the recurring payment files for each participating disbursing center. The tapes are in Social Security account number sequence within ZIP code sequence and are fragmented as follows:

Beginning ZIP code	Disbursing center
0-1.....	Philadelphia
2-3.....	Birmingham
4-5.....	Chicago
6.....	Kansas City
7.....	Austin
8.....	Denver
9.....	San Francisco

A further breakdown of files within each disbursing center's file is made by SSA based on the entire ZIP code. Also, all direct deposit payments are in bank routing number sequence after the ZIP code breakdown. This additional breakdown facilitates processing a portion of the file when problems are encountered with tapes, creation of an electronic funds transfer (EFT) payment file for the Federal Reserve System, and allows SSA and the Treasury Department to save money on postage rates since all the checks are created in strict ZIP code sequence for delivery by the Postal Service.

The original plans of SSA and the Treasury Department were to have master files in each of the participating disbursing centers and for SSA to submit transaction files to update before the Treasury Department issued payments. However, due to the size of the files (the estimated volume of 6-7 million payments was not realized) and systems considerations, it has been easier to send each disbursing center a complete file each month.

The payment files are shipped to the various cities by Postal Service "Express Mail." The agreements between the two agencies outline the basic processing schedule needed for each organization to effect a timely receipt of the check by the recipient.

Direct deposit. SSA and the Treasury Department signed an agreement in early 1974 to implement a direct deposit program for Social Security beneficiaries and

⁵ For general information about this program, see Joseph Bondar, "Social Security Beneficiaries Enrolled in the Direct Deposit Program, December 1983," *Social Security Bulletin*, May 1984, pages 17-24.

⁶ Beginning with the January 1984 recurring file, the Denver office is no longer handling SSI payments. The file is now sent to the San Francisco office.

Supplemental Security Income recipients. There were three phases. The first phase involved converting the SSI recipients' records to correctly show bank routing data plus the signing up of new recipients. The first direct deposit payments were issued in September 1975. During this first month, there were only 50 direct deposit payments. The second phase involved creation of two addresses for the recipients' SSI records, one containing residence and the other bank routing data. The third phase was the actual delivery of EFT payments in February 1976. The volume of direct deposit payments at that time was 64,421. The volume of direct deposit payments in June 1984 was 460,000, or approximately 11 percent of the total SSI payment file. The direct deposit system with EFT payments offers a number of advantages to both the Government and the recipient, including convenience, elimination of check cashing problems, and the reduction of check loss or theft, as well as savings for postage.

Returned check process. A check may be returned by the recipient through an SSA district office or by mailing it to the Treasury's Birmingham Regional Disbursing Center (RDC), or the Postal Service may return undeliverable checks to the RDC. Since all SSI checks bear a Birmingham RDC dateline and are mailed in envelopes with a Birmingham RDC return address, routing to the proper address is not a problem.

An efficient and effective returned check operation significantly affects SSA's ability to respond rapidly to allegations that checks have not been received. The use of one RDC and one SSA program service center for all SSI returned check processing improved the control and expedited handling of the checks.

Checks returned through the district office are coded with the reason for return and the date of the event. The district office also undertakes any eligibility development at that time. The SSI returned check system was designed to accept the transmission of returned check data and act on it to adjust, suspend, or terminate, as appropriate. This allows fast resolution of SSI returned checks in view of the financial need of the recipient.

Checks returned directly to the Birmingham RDC are coded with the reason for return and the date of the event by RDC personnel. Formerly, the returned checks were taped daily and delivered to the SSA/Southeastern Program Service Center for transmission to SSA's central office in Baltimore. This arrangement was changed in March 1978 when the Birmingham RDC began transmitting directly to SSA's central office. This improved security control over the tapes and provided a faster update of the SSI records.

The magnetic tape of SSI returned check data is entered into the SSI computer system. The SSI returned check program posts the returned check to the Supplemental Security Record, generates a new payment if the reason for return has been corrected, or will alert the

district office that development is required. A system diary control is used to ensure that all development is completed and proper action is initiated. The diary control is cleared by a positive action input from the district office indicating new eligibility factors or that the check was returned in error.

The volume of returned checks during the first year of the SSI program was quite high and extraordinary steps were taken by SSA and the Treasury Department to handle the returned checks in conjunction with the non-receipt procedure. For example, from January 1974 through June 1974, checks returned for address reasons were held in the Birmingham RDC and compared against each manual nonreceipt claim. If the recipient's missing check was being held, it was remailed to the correct address. There were 63,403 SSI checks remailed. During the same period, 441,834 checks were cancelled and credited back to SSA. The total number of SSI checks cancelled during calendar year 1974 was 912,387, while during calendar year 1983, only 409,193 checks were returned and cancelled. The number of returned checks has dropped due to improved systems processing of past eligibility events, enabling accurate and timely delivery of payments.

Outstanding SSI checks. From the beginning of the SSI program, SSA was concerned about what would happen to unnegotiated SSI checks. The various States had a "limited negotiability" on their checks, which alerted them to situations in which recipients did not cash their checks. However, with Federal Government checks there is "unlimited negotiability." SSA wanted information and credit for unnegotiated checks for two reasons. First, to obtain information on possible nonentitlement situations and, second, to credit back to the States the supplemental monies they had included in the payments.

The General Accounting Office reported to Congress that there were more than 300,000 SSI checks outstanding representing some \$41 million.⁷ They recommended that SSA and the Treasury Department work together to identify and resolve SSI unnegotiated checks.

The Congress passed and the President signed Public Law 97-35, which contained a provision for the Treasury Department to identify and credit to SSA all SSI checks still unnegotiated 180 days after issuance. The effective date of the provision was October 1, 1982.

SSA currently receives a magnetic tape of unnegotiated SSI checks each month from the Treasury Department. These unnegotiated checks are posted to the recipient's SSI record and if he or she is still in payment status an alert is sent to the district office servicing the recipient's address. The system also credits any State

⁷ General Accounting Office, *Action Needed to Resolve Problem of Outstanding Supplemental Security Income* (HRD-81-58), March 3, 1981.

monies represented in the check to the original State by means of monthly accounting exchanges.

The district office investigates the recipient's continuing eligibility and reports the facts to the SSI record. For example, if this is a nonreceipt situation that has not been reported to the Treasury Department the check is repaid. If the missing check is subsequently presented to the Treasury Department, SSA receives a debit charge that is posted to the recipient's SSI record and investigated for a possible overpayment (only if the check had been repaid or credited against an earlier overpayment).

Nonreceipt process. For the first 7 months and 11 days of the SSI program, the check replacement process (nonreceipt of check claims) entailed manual processes. The SSA district offices would forward a signed nonreceipt claim to the RDC in Birmingham. The Treasury Department would check a national file of all SSI checks issued to verify issuance and ensure that the check had not been returned to them. Subsequently, the nonreceipt claims and original check information would be forwarded to the Treasury Check Claims Division in Washington for a check of the file of all negotiated SSI checks. If the original check had not been negotiated, a substitute check would be issued. The following is a count of the number of nonreceipt claims received by the Treasury Department during the first 7 months of the program:

January.....	60,693
February.....	43,809
March.....	31,110
April.....	30,221
May.....	30,065
June.....	28,292
July.....	32,471

In addition to the nonreceipt process, checks returned to the Treasury Department for address reasons were held in Birmingham. When a nonreceipt claim matched one of these returned checks, a gummed label containing the new address was used to remail the original check. The number of checks redirected during the first 6 months was as follows:

January.....	9,105
February.....	8,714
March.....	9,933
April.....	8,615
May.....	8,211
June.....	3,432

The entire check replacement process took about 3-4 weeks and was not considered timely enough to satisfy the needs of the SSI recipients. A new process was developed and implemented on August 12, 1974.

The new nonreceipt process was an automated one that provided a replacement check to the recipient within 12 days. This process employed the use of a wire transmission from the SSA district office to the central computer system in Baltimore. There the information

from the original payment record was added to the nonreceipt claim and formatted into a tape that was used by the Treasury to search its check issued file to get the original check information and ensure that the original check had not been returned. At this point, the replacement check was issued to the recipient. After the check was sent to the recipient, the Treasury Department further checked its files to ascertain if the original check had been negotiated. In all cases where both the original and replacement check had been cashed, SSA was notified and the appropriate overpayment recovery action was instituted.

However, based upon a series of nonreceipt studies during 1975 by SSA regional offices and a national study, plus interest displayed by a number of welfare rights groups, various States, and the Congress, SSA determined that the SSA/Treasury nonreceipt system was still not responsive enough. On April 16, 1977, the current SSI nonreceipt system was implemented. The following is a description of the nonreceipt process.

The SSI checks are delivered on or about the first day of the month. The nonreceipt procedure begins with the recipient contacting the district office. If it is before the third mail delivery day after the check date, the recipient is told to contact the office again. The office will verify from the SSI data base that a check was issued, and, once verified, the district office will then electronically key in the nonreceipt allegation.

The electronic nonreceipt allegation is directed to SSA's central computer in Baltimore, where, each night the nonreceipt traffic is specially prepared for transmission directly to the Treasury Department's Regional Disbursing Center in Birmingham. This center maintains Treasury Department master records pertaining to all SSI issuances. Nonreceipt transmissions are sent to Birmingham each night before 1 a.m. Once received at the disbursing center, the Treasury Department reviews the claim by screening it against the "checks issued" file and the "checks returned" file. For current month nonreceipt allegations, if the Treasury Department finds that a check was issued and has not been returned, a substitute check will immediately be issued. Substitute checks will be mailed by 8 a.m. of the morning following the transmission. The nonreceipt tapes are then passed to the Treasury Department facility in Washington (Division of Check Claims), where an after-run search is made to determine if the original check was negotiated. The Treasury Department places a "flag" in its records to intercept any double negotiation situations. If a double negotiation does occur, the Treasury Department retrieves the original and substitute checks to examine the endorsement signatures. If the signatures appear to be similar, SSA is immediately charged for the disbursement of excess funds. If the endorsement signatures are dissimilar, the case may be referred to the Secret Service for investigation of this fact.

This process is the fastest check replacement operation in the Federal Government. It can replace a missing SSI check in 3-4 days from the date of input, including mail time. Of course, expeditious replacement does carry with it certain risks. Because there is insufficient time for the Treasury Department to know if an original check has been cashed (this information is often not available for 3 weeks, even when the check is cashed promptly), double payments may occur. To obtain the expedited replacement process, SSA agreed to have the Treasury Department debit it with any such double payments. SSA is then responsible for collecting the overpayment.

Through the use of the Social Security Administration Data Acquisition and Response System (SSADARS) online data base, district offices are able to screen out approximately 50 percent (10,000-15,000) of the erroneous allegations of nonreceipt each month. The following tabulation shows the number of nonreceipt claims transmitted to the Treasury Department each month:

Fiscal year 1977	
Total	146,715
October 1976	11,530
November 1976	11,853
December 1976	10,531
January 1977	13,939
February 1977	10,298
March 1977	10,647
April 1977	10,631
May 1977	12,885
June 1977	12,509
July 1977	13,389
August 1977	15,057
September 1977	13,446

Fiscal year 1978	
Total	163,238
October 1977	14,491
November 1977	13,944
December 1977	16,025
January 1978	13,164
February 1978	11,407
March 1978	13,376
April 1978	12,794
May 1978	12,924
June 1978	12,807
July 1978	14,652
August 1978	14,467
September 1978	13,187

Fiscal year 1979	
Total	154,940
October 1978	15,189
November 1978	12,694
December 1978	12,945
January 1979	15,354
February 1979	10,785
March 1979	11,706
April 1979	11,294
May 1979	14,010
June 1979	11,096
July 1979	13,593
August 1979	13,314
September 1979	12,960

Fiscal year 1980	
Total	144,781
October 1979	13,182
November 1979	10,384
December 1979	12,110
January 1980	14,010
February 1980	11,042
March 1980	12,136
April 1980	11,439
May 1980	11,047
June 1980	12,664
July 1980	12,007
August 1980	12,111
September 1980	12,644

For the nonreceipt claims transmitted to the Treasury Department, approximately 6,000 substitute checks are issued each month.

Double negotiation overpayment (chargebacks). When the SSI nonreceipt procedure was established with the Treasury Department, SSA agreed to accept an immediate double payment chargeback from the Treasury Department whenever a substitute check and an original check were negotiated and the endorsement sig-

natures appeared to be the same. At the beginning of the SSI program, approximately 2,100 such chargebacks were made each month. This number has been reduced to approximately 1,300 per month. Once alerted to the overpayment, SSA annotates the individual's record with a unique code and sends an alert to the servicing district office for development of the overpayment.

SSA takes certain actions if it detects that a recipient has negotiated an original check and substitute check. These include:

- (1) Posting the resulting double payment to the individual's SSI systems record. This alerts the district office interviewer in any subsequent nonreceipt allegation.
- (2) If multiple double payments resulting from the nonreceipt process are detected, the district office is instructed to refer the case to the appropriate Office of Inspector General component for fraud development.
- (3) Once a double payment is posted to an individual's record, an overpayment alert to the district office is generated and a recovery action is scheduled.
- (4) Other payment delivery methods, such as direct deposit, are discussed with the recipient.
- (5) If, based on previous experience, the district office suspects that the recipient is misusing the expedited nonreceipt process and additional nonreceipt claims are filed, the nonreceipt system activates a special code that signals the Treasury Department to handle the nonreceipt claims as a regular nonreceipt case (that is, no immediate issuance of a substitute check is made until the "negotiated" check file has been searched).

Reclamation process. Whenever a payment is made to an SSI recipient that he or she is not entitled to receive (that is, because of excess income, living arrangement, or termination events such as death), an erroneous payment or overpayment is established. For cases where there is an overpayment and the recipient alleges nonreceipt, or in cases where the recipient is deceased or legally incapacitated, a reclamation action is processed by SSA to the Treasury Department. This action is almost identical to the nonreceipt process except that the credit for the payment is returned to SSA if the claimant did not negotiate or receive the proceeds of the check.

From the beginning of the program until May 1982, this was a manual process. Based on information from the district office, the SSA regional office notified the Treasury Department's Birmingham RDC that a check

was paid and not returned. SSA provided a complete check description (check symbol, serial number, date, and amount) to the Treasury Department's Division of Check Claims. The Treasury Department verified whether the payment was negotiated, and, if not, credit for the outstanding check was transferred to SSA. If the check was paid, the Treasury Department investigated the possibility of forgery. If confirmed, the financial organization presenting the check was requested to return the monies to the Treasury Department for SSA's credit. If the recipient was alive, the SSA district office usually helped interview the recipient regarding the check.

This process is significantly different if electronic funds transfer (EFT) payments are involved. The request for the Treasury investigation is the same, but the Treasury Department's Birmingham RDC, after verifying an EFT payment and the fact that it has not been returned, contacts the financial organization. It should be noted that EFT reclamations are only processed on cases where the recipient is deceased or declared legally incompetent.

This manual process worked fairly well except for some cases where photocopies of the checks could not be obtained or were illegible. Also, some financial organizations failed to cooperate fully in returning monies to the Treasury Department for forgeries. This situation has improved since the Treasury Department now has authority to charge interest (since May 1981) to financial organizations failing to cooperate and offset (since early 1980) against monies due the financial organization, if necessary. The Treasury Department's Division of Check Claims also improved quality control over photocopies and the identification and control of negotiated check microfilms.

SSA and the Treasury Department negotiated and developed in late 1981 an automated reclamation system, implemented in May 1982. This process allows transmission of the regional office actions through the SSI system and the valid reclamations are included on the daily SSI nonreceipt tape transmitted to the Treasury Department's Birmingham RDC each evening. The average processing time for reclamations was reduced by approximately 2 weeks. The automation of claims also provides better control over reclamation actions by the Treasury Department and SSA.

Recent congressional hearings have highlighted problems with SSA's notification procedures regarding recovery of erroneous payments. SSA is concerned with correcting any problems and is participating in an effort, led by the Treasury Department, to see if there are ways to notify possible co-owners of accounts into which recurring Federal benefit payments have been made before an erroneous payment is recovered. SSA is working closely with the Treasury Department to address this issue.

Administrative Complexities

Deeming

Sections 1614(f)(1) and (2) of the Social Security Act require that the income and resources of spouses and parents who are not eligible for SSI be considered to be the income and resources of their spouses and children who may be eligible for SSI and who live in the same household. The statute requires deeming such income and resources except to the extent determined by the Secretary of Health and Human Services to be inequitable under the circumstances. Accordingly, the Secretary may determine amounts and types of income and resources to be excluded before the balance is deemed. The deemed income and resources are added to those the spouse or child already has, and the total is subject to the limits and exclusions the statute provides.

Present parental, essential person, and sponsor income deeming rules result in an amount of deemed income to be combined with the claimant's or recipient's other unearned income in determining that person's countable income. Spousal income deeming rules, however, resemble eligibility and payment computations for an SSI eligible couple in that the couple's income and exclusions are combined, but allocations for ineligible children and additional income exclusions apply.

The rationale for the difference between spousal and other types of income deeming computations is that, in conceptualizing spouse-to-spouse deeming as following the treatment of an eligible couple (to the greatest extent possible), deeming policy adheres to a basic SSI goal that persons in similar circumstances be treated in the same way. That goal is tempered, however, by still another rule—that an SSI benefit cannot be higher under deeming rules than it would be if deeming did not apply. Spousal income deeming thus requires a comparison to determine and pay the lower of two possible benefits payable to an individual, as though he or she were: (1) an unmarried individual or (2) a member of an SSI couple with both members filing.

Several considerations have shaped spousal and parental income deeming policy: Secretarial determinations of when it is inequitable to deem; to the extent that an individual is not advantaged by deeming, equal treatment for deeming couples and SSI eligible couples; and the setting of realistic levels at which spousal or parental income precludes SSI eligibility. Those principles are the basis for the multiple and complex income deeming rules now in effect that have produced some anomalous results. Because of the Secretary's discretion, current deeming policy attempts to mitigate some provisions that the statute mandates for SSI eligible individuals, and applies others. The complexities in the deeming formulas are designed to address those not always harmonizing considerations.

Section 405 of Public Law 96-285 added a new kind of deeming. Effective October 1, 1980, the income and resources of the sponsors of aliens are considered to be those of the aliens they sponsor. A sponsor is an individual who has signed an affidavit agreeing to support an alien as a condition of the alien's admission for permanent residence in the United States. Under the new law, the Departments of Justice and State will inform sponsors that information they supply will be given to SSA and that they may be asked for additional information if the aliens apply for SSI payments.

There are some exceptions. Under the terms of the statute, SSA does not deem a sponsor's income and resources to aliens who have been admitted as refugees under certain provisions of the Immigration and Naturalization Act or to aliens who have been granted political asylum by the Attorney General. Nor does SSA deem to aliens of any age beginning with the time they meet the statutory definition of blindness or disability, if these conditions occur after their admission to the United States. Deeming stops if it applied before the blindness or disability began. A sponsor's income and resources are deemed to aliens who first apply for SSI benefits after September 30, 1980, and are deemed to aliens for 3 years after their admission to the United States.

The current deeming workload is as follows:

- 300,000-350,000 SSI cases require deeming computations once or more during a year, even though actual deeming (that is, deeming that reduces the benefit) occurs in only about 71,000 cases (54,000 spouse-to-spouse cases and 17,000 parent-to-child cases).
- 72 percent of spousal and parental income deeming cases are automated.
- 91 percent of all spousal income deeming cases are automated. (A claims representative only has to enter income data in the SSI application.)
- 25 percent of all parental income deeming cases are automated. (A claims representative does not have to do any deeming computation. For the remaining 75 percent an online computation program is available to assist with the manual computation.)
- There are about 15,000 sponsor-to-alien deeming cases per year; a further refinement of the data is not yet available.

One-Third Reduction

The SSI program is designed to provide a minimum level of income to needy aged, blind, and disabled individuals whose income and resources are below levels established in the statute. Section 1612 of the Social Security Act provides that, in determining an individual's eligibility for and the amount of his or her SSI payment,

the individual's earned and unearned income must be taken into account. This section also provides that income includes support and maintenance. However, in recognition of the practical difficulties involved in determining the actual value of goods and services received by an individual living in the household of another, Congress provided a standardized value for this income equal to one-third of the otherwise applicable payment standard. It seems likely that the actual value would in most cases exceed one-third of the payment standard and that counting actual value would cause a reduction greater than one-third.

Section 1612 of the Social Security Act does not define income. Instead, it classifies income (be it cash or in kind) as unearned or earned income and lists some types of income in each category.

Early in the development of program policy, SSA recognized that the statutory list of income types was insufficient to administer income policy. A regulatory definition of income was formulated to help delineate what is income and what is not income. Income is defined as anything an individual receives that he or she can use to meet his or her needs for food, clothing, or shelter. SSA derives all other income policy from this definition.

Income, whether earned or unearned, may be received in two forms—in cash (for example, a title II check) or in kind (for example, the case where a child regularly pays for groceries). In-kind income is defined as income that is not cash but is actually food, clothing, or shelter or something else an individual can use to obtain food, clothing, or shelter.

One of the two types of unearned in-kind income is "in-kind support and maintenance." In-kind support and maintenance is the actual food, clothing, or shelter that an individual receives when someone gives it to the individual or pays for it. For example, an individual receives in-kind support and maintenance if someone pays his or her rent, utility bills, and so forth.

The second type of unearned in-kind income is an item an individual receives (but not food, clothing, or shelter) that he or she could sell or convert into cash. A gift of jewelry, for example, is in-kind income because an individual has the option to sell the jewelry and use the proceeds to buy food.

When an individual lives in a household (as opposed to someone who has no home or who lives in an institution), he or she may receive in-kind support and maintenance from two sources—from the other persons living in the household and/or from persons who live outside the household. Often persons living in households pool their funds to pay the operating expenses of the household. When this occurs, SSA determines whether an individual "receives" in-kind support and maintenance from within the household, that is, from the other persons living there. SSA compares the individual's con-

tribution toward the pooled funds with his or her pro rata share of the household operating expenses for food and shelter. If the individual contributes an amount equal to or greater than his or her share, SSA determines that he or she does not receive any in-kind support and maintenance from the other household members. That is, if the individual contributes a pro rata share, the individual supports himself or herself and, therefore, does not receive any food or shelter from anyone else in the household. Conversely, if the individual's contribution does not meet his or her pro rata share, SSA determines that the individual receives support from the other household members (that is, in-kind support and maintenance). This concept is termed "sharing" and applies to all individuals who live in households, including those who own or rent their homes and those who do not.

If an individual receives in-kind support and maintenance from within the household, SSA values the in-kind support and maintenance under one of two rules. These are the statutory one-third reduction rule or the regulatory presumed maximum value rule.

Two criteria must be met for the one-third reduction to apply. The individual must live in the household of another throughout a month and receive both food and shelter from within the household. The first of these criteria, "living in the household of another," is met when the individual does not own or rent the living quarters, does not contribute his or her pro rata share of expenses, does not live in a noninstitutional care situation, and does not live in a household where everyone else receives specified public income maintenance payments. An individual meets the second criterion when both food and shelter are received from within the household. Examples of when this criterion is not met are when the individual buys all of his or her own food apart from everyone else's food or buys and eats all meals outside the household.

When SSA determines that in-kind support and maintenance from within the household is subject to the one-third reduction rule, it is valued at one-third the Federal benefit rate. Regardless of whether the actual value of the in-kind support and maintenance is more or less than this amount (that is, the individual's pro rata share of household operating expenses minus his or her contribution), SSA considers it to be one-third of the Federal benefit rate.

When in-kind support and maintenance from within the household cannot be valued at the one-third reduction because one of the criteria is not met, the in-kind support and maintenance is valued under the presumed maximum value rule. SSA presumes that the value of the in-kind support and maintenance is equal to one-third the Federal benefit rate plus \$20. If the individual wishes, he or she may submit evidence to rebut this presumption. If the evidence submitted establishes that the

actual value is less than the presumed value, SSA counts only actual value. However, even if the evidence establishes that the actual value is greater than the presumed value, only the presumed value is counted.

When there is an indication that in-kind support and maintenance may be received from within a household, SSA personnel ask the individual questions about household operating expenses and his or her contribution toward them. If the individual's answers clearly show that he or she receives both food and shelter while living in the household of another or that he or she receives in-kind support and maintenance and its actual value is more than the presumed maximum value, SSA obtains no further evidence. In these cases, the individual's own allegations support SSA's administrative presumption that an individual living in the household of another receives in-kind support and maintenance subject to the one-third reduction or that the individual receives in-kind support and maintenance actually worth the presumed maximum value or more. However, if the individual's own allegations raise a question about charging in-kind support and maintenance at the one-third reduction or presumed maximum value, SSA personnel explain to the individual what evidence is needed to rebut these presumptions. For example, if an individual who lives in someone else's household submits evidence that he or she buys his or her own food separately, he or she has rebutted one of the two criteria for applying the one-third reduction, that is, the receipt of both food and shelter. Similarly, if an individual submits evidence showing that he or she contributes \$110 toward his or her pro rata share of \$95, he or she has proven that he or she receives no in-kind support and maintenance from within the household. Evidence of household operating expenses and contributions generally consists of a signed statement from a knowledgeable household member (usually the owner or renter) and may include bills or receipts for some of the expenses.

Two concepts underlie income policies and procedures developed over the past 10 years. First, for SSA to determine that income has been received, the item received must meet the definition of income. That is, it must be food, clothing, or shelter, or something else that the individual could use to obtain one of these items. Second, for SSA to determine that some in-kind item has been received, someone must have given the item to the individual or paid for it. Thus, if the individual has paid for an in-kind item, he or she has not actually received any income. Without this concept, anything coming into an individual's possession, regardless of whether he or she paid for it, would be income. This is the origin of SSA's rule providing that an individual who contributes an amount equal to (or greater than) his or her pro rata share of household expenses does not receive in-kind support and mainte-

nance and, therefore, cannot be subject to the one-third reduction.

Quality Assurance

Since the inception of the SSI program, one of SSA's primary commitments has been to improve the effectiveness and efficiency of its policies and their administration. Recognizing the need to provide a mechanism in the complicated cash-assistance program to assure accountability to the States and to Congress for the hundreds of millions of dollars being disbursed monthly, SSA established a quality assurance system as an integral part of the Federal administrative structure.

The quality assurance system provided for full field reviews of sample cases, with home visits and third-party contacts included. The system was designed to be based upon a universe of all payments issued so that a projection could be made of all dollars incorrectly paid in the universe.

This broad-based SSI quality assurance program proved to be an immense help in the first 2 years when there was wide-spread concern over problems with SSA's computerized check-generating process. The system provided overall payment error data as well as information regarding types and causes of error. The Commissioner of Social Security was able to tell Congress precisely how big the problem was, what the greatest types and causes of errors were (by dollar magnitude), and to delineate the specific actions SSA was taking to correct each of the problems. In the first 2 years, the building of effective computer interfaces with regular Social Security payments and Veterans Administration benefits were responsible for removing nearly one-third of all the early errors. A high priority (and thus an allocation of sizable staff resources) was given to the building of these interfaces because the quality assurance data showed that these two types of errors (title II benefits and VA benefits) were resulting in about \$150 million in errors annually. They could be controlled through administrative mechanisms that were comparatively inexpensive, given the size of the payment errors.

In 1976, the appraisal effort was expanded further to include an end-of-line evaluation of both initial claims taken and the quality of postentitlement (redetermination) actions. This examination of adjudication process quality in addition to payment quality provided a two-pronged approach to the appraisal process.

In most quality assurance programs, the objective is to measure how well operating personnel implement the policies and procedures that are applicable to their actions. The SSI quality assurance effort measures the accuracy of the SSI payments as well as the quality of SSA's administration of the program.

In establishing a dual assessment function (measuring

both procedural consistency and payment accuracy), SSA provided a means by which management can:

- (1) Measure independently the quality of SSA's administration of the SSI program. (Are the laws being uniformly and accurately applied and are eligible individuals receiving the correct payments?)
- (2) Identify policy, procedural, systems, and operational problems that are affecting the quality of SSI payments, denials, and suspensions.
- (3) Formulate corrective management actions and recommendations based on sample findings to improve the administration of the program.
- (4) Obtain data upon which Federal fiscal liability will be determined (that is, the degree to which State funds are accurately paid out by SSA in its administration of the program).

Review Procedures

In assessing SSI program quality, two separate and distinct review procedures are employed—adjudication process and payment accuracy reviews. These reviews are conducted by the staff of SSA's Office of Assessment, whose function is to independently evaluate SSA's effectiveness in administering the various programs within its jurisdiction. The review staff is located in 10 regional field assessment offices and 17 satellite offices around the country.

Adjudication process review. This process represents the more traditional review function common in most quality assurance programs—an end-of-line evaluation of completed claims to measure adherence to operating policies and procedures. This review samples both initial claims taken by SSA district offices and redetermination actions processed each month. More than 8,000 initial claims and 5,000 redeterminations are reviewed monthly by personnel of the Office of Assessment.

The reviewers examine individual claims folders, taking an indepth look at whether the development and documentation in the casefile follow national Program Operations Manual System instructions. Based on the material in the file, an evaluation is made of the adequacy of documentation and evidence and whether the payment decision is supportable. Errors are categorized as being either merely evidentiary in nature, or as leading to an error in the amount of payment issued.

In addition to providing a measure of line performance in adhering to operating policy and procedures, the adjudication process reviews are able to produce management data relatively quickly on the effectiveness and degree of consistent implementation of new policy initiatives and procedural changes. This information can be used to pinpoint particular areas where problems exist or where corrective action may be necessary.

Payment accuracy review. Above and beyond a simple assessment of adherence to operational guidelines, SSA is able to measure the quality of the program through ongoing reviews of payment accuracy. These reviews are based on the law and regulations themselves and serve to provide a constant overview of the effect of any procedural tolerances SSA may be introducing through its instructional guidelines.

These reviews go beyond merely examining the beneficiary's claims folder. Quality reviewers meet with randomly sampled individuals in their homes and redevelop all factors of eligibility (including income, living arrangements, resources, and so forth). The reviewers also go the additional step of verifying eligibility factors, except for the medical aspects of disability and blindness, with third-party sources such as banks, employers, and landlords.

Each month a stratified random sample of approximately 1,850 cases is selected and reviewed for the correctness of both eligibility and payment amount. Overpayments and underpayments are compiled and recorded by entitlement factor and cause of error. These figures serve as the basis for evaluating the relative "health" of the SSI program, as well as the degree of Federal liability for SSA-administered State payments.

The payment quality data are broken out to provide information on not only the number of errors but also the specific program areas in which deficiencies are found to occur. This information serves as the basis for SSA's profiling system, which allows resources to be focused on redetermining those cases most likely to be in error.

The number of cases selected provided statistically valid results on a nationwide and regional basis. At the end of each sample period, the quality assurance staffs in each region and in the central office prepare reports of their findings. From these reports, SSA determines which areas of the program require attention and how well past error reduction initiatives are doing.

Comparative Accuracy Rates, 1974-83

Examination of error data gathered by the Office of Assessment indicates the progress made in the past 10 years in administering the SSI program. As table 1 indicates, SSA has been able to reduce payment error from a high of 11.5 percent to 3.7 percent in September 1983.

In reporting this information, the Office of Assessment is able to define exactly how and why these beneficiaries were overpaid or underpaid. As tables 2-5 indicate, each error found is categorized as to whether recipient or agency fault was primarily responsible for the incorrect payment. Beyond that, the data attempt to pinpoint precisely where in the administrative

process the problem arose (that is, because of incomplete development, incorrect data transfer, and so forth). Additionally, the errors are categorized according to what type of deficiency caused the incorrect payment (for example, unreported bank accounts, incorrect wage information, and so forth) and the most predominant are highlighted for corrective action purposes.

During the 10 years of operation of the SSI program, four major types of deficiency have figured most prominently in causing overpayments and underpayments.

Bank account ownership. A bank account ownership error occurs when a recipient is found to have funds in savings accounts, checking accounts, or savings certificates totaling more than the applicable resource limit (\$1,500 for an individual and \$2,250 for a couple). Virtually all bank account error is in the form of payments to recipients who should get no benefits and results from faulty recipient reporting practices.

Household living arrangements. Deficiencies of this type result because the recipient's Federal benefit rate did not reflect his or her correct household living arrangement (that is, living in own household or living in the household of another). A major problem involves determining that an individual can be considered to be living in his or her own household because he or she is paying a pro rata share of expenses.

Wages. This type of error occurs when earned or deemed wage income is not reflected on the SSI payment record, or an incorrect amount is used to compute the SSI payment.

Support and maintenance. This type of deficiency occurs when a recipient receives support and maintenance income either in cash or in kind (in kind includes free housing, low rents, free food, and so forth), and this income was omitted or an incorrect amount was used in determining the SSI payment.

Tables 2-5 show how the quality assurance data was arrayed for both overpayments and underpayments in a particular sample period (in this case, October 1982-March 1983). As has typically been the case, bank accounts are the primary cause of excess payments and incorrectly recorded household living arrangements are the primary cause of underpayments.

In addition to SSA's ongoing reviews, which gather the data necessary to produce the above reports, special studies are also carried out to further identify areas requiring corrective actions to improve the efficiency and integrity of the SSI program. Since the quality assurance system was implemented in 1974, literally hundreds of corrective action proposals have been generated and many refinements to the program have been made as a result.

Through data on the source of the error and the overall dimension of the problem, SSA is able to direct resources toward training personnel (in areas where SSA was found to be frequently at fault) or in educat-

Table 1.—National SSI payment error rates, 1974–83

Period	Rate by category			Total SSI payments (in billions)	Total SSI overpayments (in millions)
	Total	Over-payments	Pay-ments to ineli-gibles		
July 1974–December 1974	10.9	5.9	5.0	\$3.3	\$360
January 1975–June 1975	11.5	5.2	6.3	2.8	322
July 1975–December 1975	10.9	4.9	6.0	2.9	316
January 1976–June 1976	8.2	3.4	4.8	3.0	246
July 1976–September 1976	6.9	2.9	4.0	3.0	207
October 1976–March 1977	6.3	2.8	3.5	3.0	189
April 1977–September 1977	5.2	2.5	2.7	3.1	161
October 1977–March 1978	4.6	1.8	2.8	3.2	147
April 1978–September 1978	4.6	1.8	2.8	3.3	152
October 1978–March 1979	5.0	2.1	2.9	3.3	165
April 1979–September 1979	4.9	1.8	3.1	3.5	172
October 1979–March 1980	5.0	1.9	3.1	3.7	185
April 1980–September 1980	4.9	1.7	3.2	3.9	191
October 1980–March 1981	5.3	2.1	3.2	4.1	217
April 1981–September 1981	4.9	1.7	3.2	4.1	201
October 1981–March 1982	4.8	1.8	3.0	4.2	202
April 1982–September 1982	4.1	1.6	2.5	4.3	176
October 1982–March 1983	4.1	1.7	2.4	4.4	180
April 1983–September 1983	3.7	1.6	2.1	4.8	177

ing recipients on their reporting responsibilities and strengthening application requirements (in areas where the recipient has been found to be primarily responsible for the error).

Table 2.—Source of SSI overpayments, October 1982–March 1983

Source	Percent of excess—	
	Dollars	Payment cases
Total	100.0	100.0
Recipient caused ¹	66.3	65.1
Inaccurate or incomplete information	34.3	33.2
Failure to report changes	32.0	31.9
SSA caused	33.7	34.9
Operations:		
Incomplete development and verification by district office or payment service center	16.2	12.6
Failure to take action/followup on known change	1.9	2.9
Incorrect determination	4.2	2.8
Incorrect data transfer to systems	.3	.9
Incorrect processing of manual action	.1	.3
Procedures:		
Administrative tolerances	8.8	11.2
Subjective/judgmental determinations	.1	.2
Policy interpretations/application	1.4	3.1
Payment system failure/inadequacy	.7	.9

¹ Includes errors by representative payees and third parties.

Table 3.—Primary deficiencies resulting in SSI overpayments and excess payment cases, October 1982–March 1983

Type of deficiency	Percent of overpayment—		Projected overpayment deficiency (in millions)
	Dollars	Payment cases	
Bank account ownership	26.1	17.6	\$55.1
Support and maintenance	13.1	23.0	27.6
Wages	8.0	9.2	16.8

Among the many management initiatives carried out to reduce error have been the following:

- (1) Giving priorities to redeterminations according to quality assurance data error profiles.
- (2) Prepayment review of large retroactive payments.
- (3) Special bank account development procedures by district office claims personnel.
- (4) A computerized computation system to avoid manual processing miscalculations.
- (5) A public awareness campaign to assist in making recipients aware of their reporting requirements.
- (6) Special interviewing training to make SSA claims personnel better able to make the complex SSI requirements understandable to claimants.

Table 4.—Source of SSI underpayments, October 1982–March 1983

Source	Percent of deficiency—	
	Dollars	Payment cases
Total	100.0	100.0
Recipient caused ¹	57.8	56.1
Inaccurate or incomplete information	21.5	21.6
Failure to report changes	36.3	34.5
SSA caused	42.2	43.9
Operations:		
Incomplete development and verification by district office or payment service center	16.1	17.1
Failure to take action/followup on known change	8.0	6.6
Incorrect determination	7.3	7.9
Incorrect data transfer to systems	3.5	2.6
Incorrect processing of manual action	.3	.9
Procedures:		
Administrative tolerances	3.9	5.2
Subjective/judgmental determinations	2.3	2.2
Policy interpretations/application	.5	.9
Payment system failure/inadequacy	.3	.5

¹ Includes errors by representative payees and third parties.

- (7) A program to reduce the volume and complexity of SSA's documentation requirements.

Improvements Currently Underway

The Field Office Systems Enhancement Project is part of SSA's System Modernization Plan. The objective of the project is to provide field offices with new automated capabilities to support programmatic, administrative, and management information processes. This entails delivery of advanced processing technology to automate many of the manual functions presently being performed. These tasks will be accomplished using a phased-in approach.

Functions to be provided under Phase I will include automated computations, case management control capabilities, and direct applications and data entry. Automated computations will provide field offices with the ability to enter variable data into the system, which will then perform title II computations independent of manual interfaces. The direct application and data entry capability will provide field offices with an automated facility for taking title II claims under Phase I and title XVI claims under Phase II. The case management con-

trol system capability will provide control and management information capabilities in a fully automated mode for both title II and title XVI claims and reconsiderations and SSI redeterminations.

Initial applications to be implemented under Phase I of the project are targeted primarily toward the title II program. Automation of title XVI functions will be implemented under Phase II of the project.

A functional analysis of field offices was completed by SSA in August 1983. Automation of the following SSI functions was recommended based on this analysis:

- (1) Computations.
- (2) Interactive data entry for title XVI claims and postentitlement activity.

Table 5.—Primary deficiencies resulting in SSI underpayments, October 1982–March 1983

Type of deficiency	Percent of underpayment—		Projected underpayment deficiency (in millions)
	Dollars	Payment cases	
Living arrangements (household)	40.5	28.8	\$21.8
Support and maintenance	17.0	25.2	9.2
Wages	16.0	15.2	8.6