



SOCIAL SECURITY

The Commissioner

February 13, 2018

The Honorable Orrin Hatch
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Please find enclosed our report, as required under section 811(b) of the *Bipartisan Budget Act of 2015*, describing our progress in establishing Cooperative Disability Investigations (CDI) units, subject to the availability of appropriations, to cover each of the 50 States, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.

I hope this information is helpful. If you have any questions, please do not hesitate to contact me or your staff may contact Royce Min, our Acting Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030.

I am sending similar letters to Senator Wyden, and Representatives Brady and Neal.

Sincerely,

Nancy A. Berryhill
Acting Commissioner



**Social Security Administration (SSA)
Expansion of Cooperative Disability Investigation (CDI) Units - FY 2018 Progress Report
As Required by the Bipartisan Budget Act of 2015**

Bipartisan Budget Act Reporting Requirements

Section 811 of the Bipartisan Budget Act (BBA) of 2015 requires the expansion of Cooperative Disability Investigation (CDI) Units. Specifically, the BBA:

- Requires the Acting Commissioner expand the CDI program to cover all States and Territories no later than October 1, 2022. This requirement is subject to the availability of funding and participation of local law enforcement agencies; and,
- Requires the Acting Commissioner issue a progress report 90 days after enactment with subsequent annual reports until 2022, or until the agency achieves national coverage -- whichever comes first.

Background

The CDI program is a key anti-fraud initiative that plays a vital role in combating fraud and abuse within our disability programs. CDI units, consisting of personnel from the Social Security Administration (SSA), the Office of the Inspector General (OIG), Disability Determination Services (DDS), and State/local law enforcement, review initial disability claims and post-entitlement activities involving suspected fraud.

The mission of the CDI program is to investigate questionable statements and activities of claimants, medical providers, and other third parties, as well as to obtain evidence of material fact sufficient to resolve questions of potential fraud in the agency's disability programs. The CDI units' contributions help disability examiners make informed decisions, ensure payment accuracy, and generate significant savings for federal and State programs.

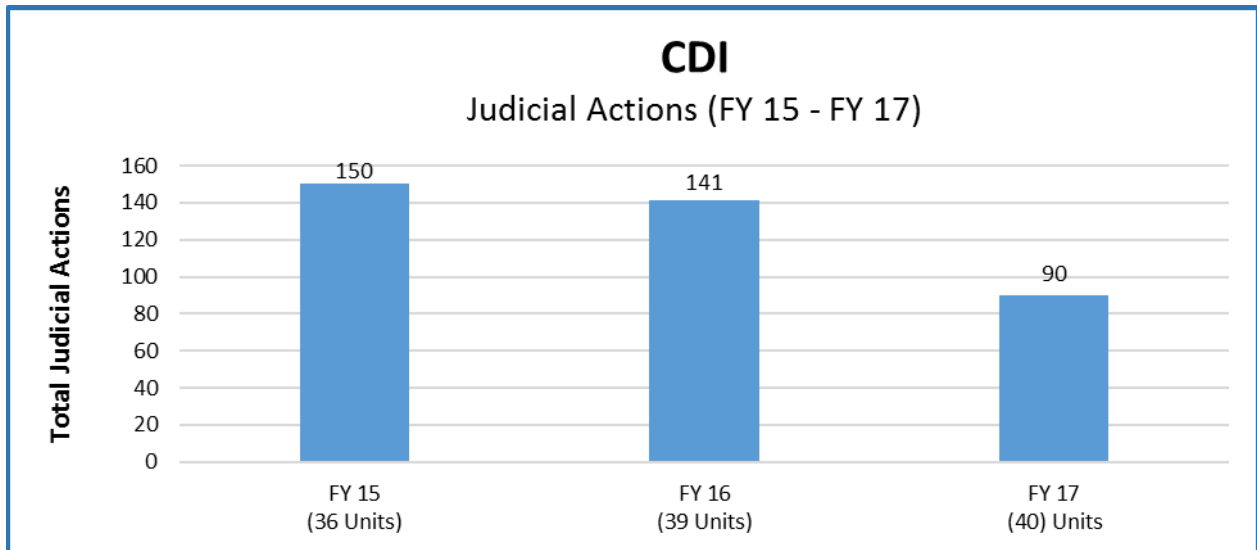
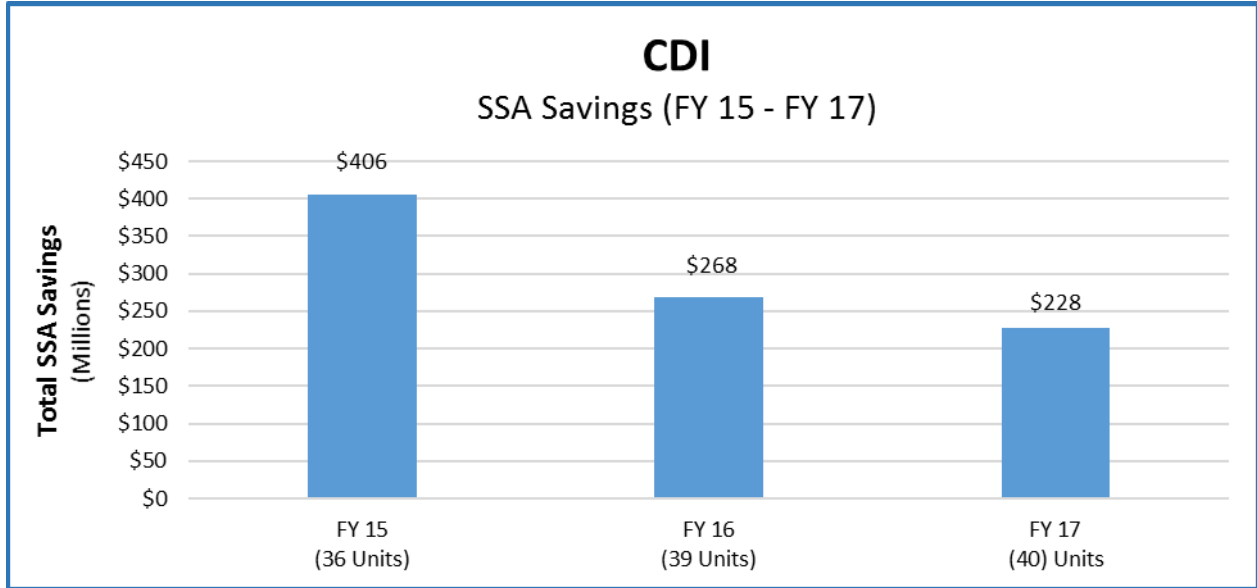
During fiscal year (FY) 2017, the CDI program reported over \$228 million in projected savings to SSA's disability programs and approximately \$269 million to non-SSA programs, such as Medicare, Medicaid, housing assistance, and nutrition assistance programs. In addition, the CDI program reported 90 judicial actions during this timeframe, which include criminal convictions, pre-trial diversion agreements, civil settlements, and civil monetary penalties.

Since the program launched in 1997 through September 2017, CDI efforts contributed to approximately \$3.7 billion in projected savings to SSA's programs, and approximately \$2.7 billion in projected savings to non-SSA programs.¹

¹ Cited projected savings and judicial actions in this report are OIG's figures.



Below is a three-year snapshot of agency savings from FY 2015 through FY 2017, illustrating total projected SSA savings of more than \$900 million over the three-year period. In addition, below is an illustration of judicial actions during the same timeframe. ²

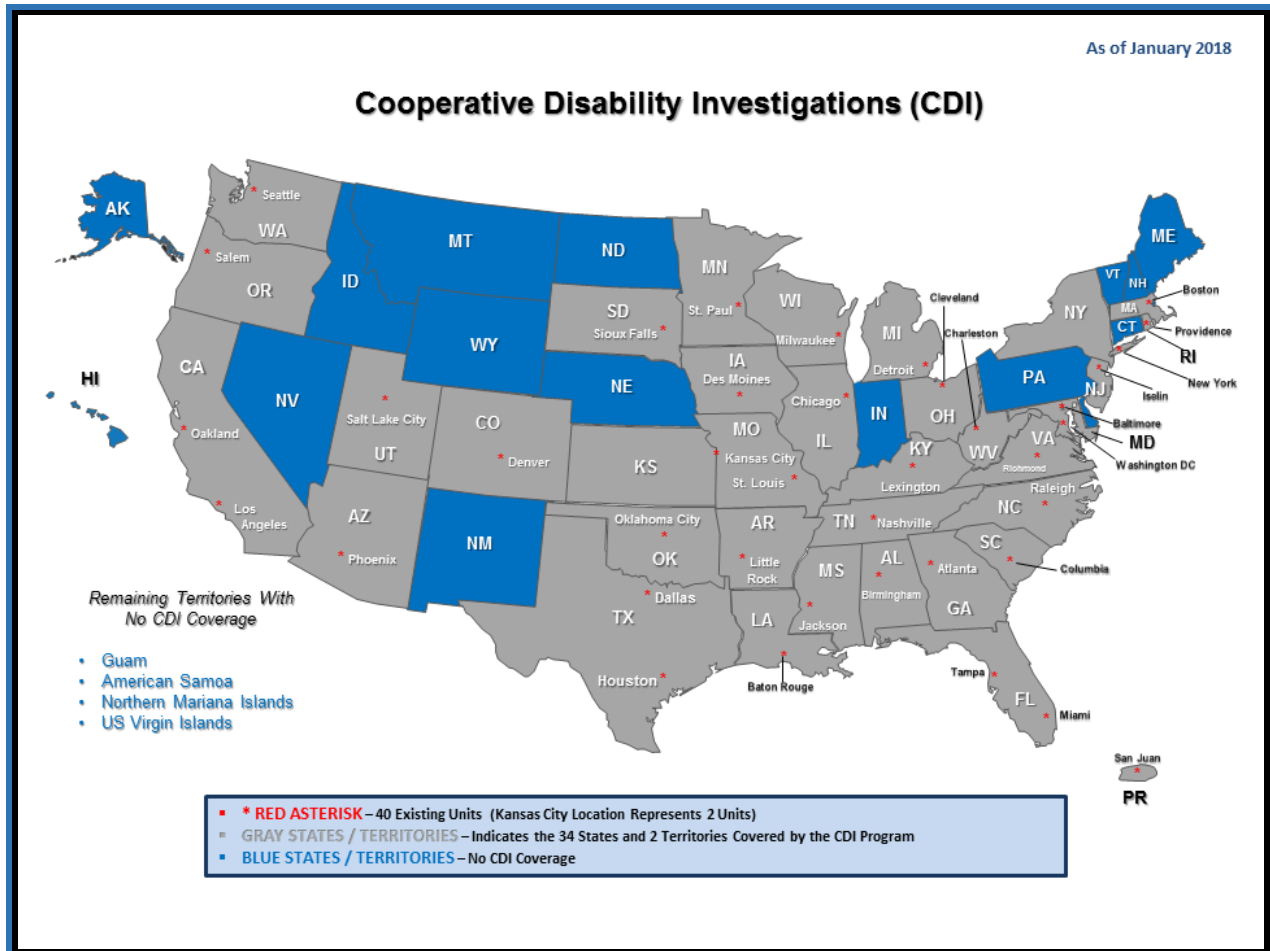


² According to the OIG, “Significant increases in ...[s]avings reported [in FY 2015] are the results of a major multi-year, multi-subject investigation conducted by the San Juan, Puerto Rico CDI unit.” OIG, 2015 Spring Semi-Annual Report to Congress.



Current CDI State Coverage

As illustrated below, SSA currently operates 40 units, covering 34 States, Washington, DC, and the Commonwealth of Puerto Rico.



CDI Expansion Plan

During FY 2017’s expansion efforts, we successfully added one CDI location in New Jersey. Assuming participation from local law enforcement entities, SSA plans to expand CDI coverage to 16 remaining States, and 4 remaining territories. In FY 2018, we are slated to open three CDI units in Hawaii, Indiana, and New Mexico. Hawaii’s CDI unit will serve as a central location to organize CDI investigative activities for Hawaii, Guam, Northern Mariana Islands, and American Samoa. Therefore, FY 2018 expansion will successfully provide CDI coverage to a total of six new locations (three States and three Territories). We will target implementation **two to four units** per year thereafter until nationwide coverage is complete, as outlined in the below tentative expansion/rollout schedule.



CDI Expansion (FY 2018 - FY 2022)			
	Target # of Additional CDI Locations to Implement	Target Locations	Estimated Total Agency Start-Up Cost
FY 2018	3	Hawaii** (Guam, Northern Mariana Islands, American Samoa) New Mexico Indiana	\$3.6 Million
FY 2019	2-4	TBD *	\$2 – \$5 Million
FY 2020	2-4	TBD *	\$2 – \$5 Million
FY 2021	2-4	TBD *	\$2 – \$5 Million
FY 2022	2-4	TBD *	\$2 – \$5 Million

* The order of States/Territories will be determined on a yearly basis using factors such as interest from local law enforcement, State DDS support, ease of space acquisition, size of potential fraud referrals, and available SSA and OIG resources.

** Hawaii’s CDI unit will serve as a central location to organize CDI investigative activities for Hawaii, Guam, Northern Mariana Islands, and American Samoa.

Total estimated agency startup and operating expenses may cost up to \$1.2 million per added unit (*this includes both SSA and OIG expenditures*). Costs include needed equipment/supplies, travel, personnel, and space acquisition/build out expenditures in the first year of implementation. Ongoing operating costs during subsequent years will be approximately \$600,000-\$800,000 per unit. Given varying geographical labor, overhead and administrative costs, each unit will have varying overall costs on the agency. These costs represent a *maximum* cost estimation, and SSA continues to look for opportunities to reduce startup costs of new units through tactics such as utilizing existing space and equipment.

Recruitment of law enforcement partnerships will remain a continuous effort. Receiving commitments from interested law enforcement entities depend on varying factors, such as resource availability from respective States, cities, and/or county law enforcement agencies, as well as local budget determinations. In addition, some States may require legislative action prior to law enforcement participation. In many instances, the willingness to offer investigative personnel for partnership is contingent on each of the law enforcement’s own State, city, and/or county budget approvals. Therefore, securing law enforcement commitments typically occur within the year of interest, not beyond current fiscal years. Currently, there are six CDI Units operating without a law enforcement partner.

Next Steps

SSA, OIG, and other pertinent stakeholders will continue to collaborate on efforts in expanding the CDI program nationwide. The agency will share progress and milestones via subsequent annual reports, as the agency reinforces its commitment to combat fraud.