



SOCIAL SECURITY

The Commissioner

April 24, 2017

The Honorable Kevin Brady
Chairman, Committee on Ways and Means
House of Representatives
Washington, DC 20515

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.

The CDI Program is a joint effort to combat fraud in our disability programs and other related Federal and State programs. Our Office of the Inspector General (OIG) solicits State and local law enforcement agencies to participate in the CDI Program. Our law enforcement partners in Chicago, Dallas, Oakland, and Nashville have opted out, and OIG is working to find new State or local partners in those locations as quickly as possible.

I am sending similar letters to Representative Neal, and to Senators Hatch and Wyden.

I hope this information is helpful. Please contact me if you have any questions. Staff may direct their questions to Royce Min, Acting Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030.

Sincerely,

Nancy Berryhill
Acting Commissioner



**Social Security Administration (SSA)
Expansion of Cooperative Disability Investigation (CDI) Units - FY 2017 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 to expand the CDI program to cover all States and Territories no later than October 1, 2022. The BBA provides that this requirement will be 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.

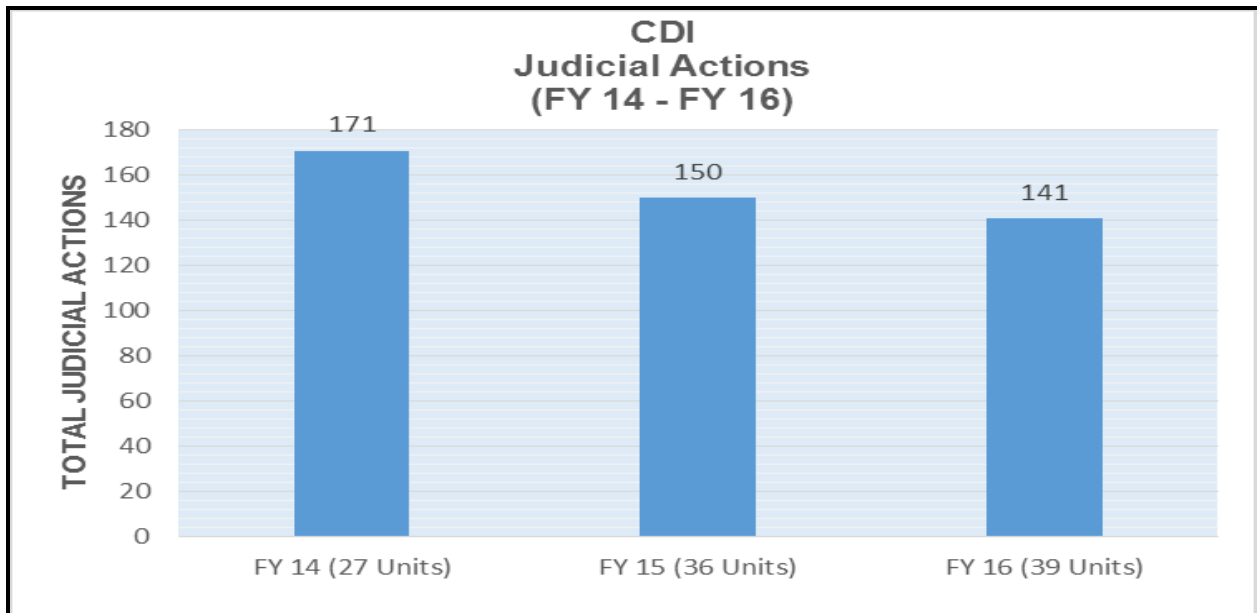
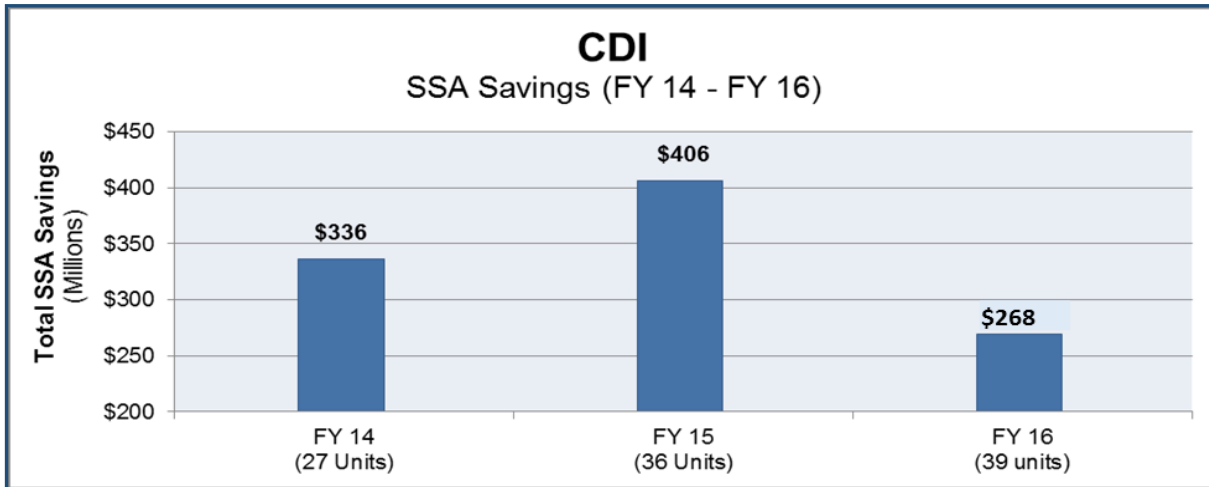
During fiscal year (FY) 2016, the CDI program reported over \$268 million in projected savings to SSA's disability programs and approximately \$323 million to non-SSA programs, such as Medicare, Medicaid, housing assistance, and nutrition assistance programs. In addition, the CDI program reported 141 judicial actions during this timeframe, which include Sentencing, Pre-Trial Diversion, Civil Settlement, and Civil Monetary Penalty.

Since the program launched in FY 1998 through September 2016, CDI efforts contributed to approximately \$3.5 billion in projected savings to SSA's programs, and approximately \$2.4 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 2014 through FY 2016, illustrating total projected SSA savings of more than \$1 billion dollars over the three-year period. In addition, an illustration of judicial actions during the same timeframe. ²

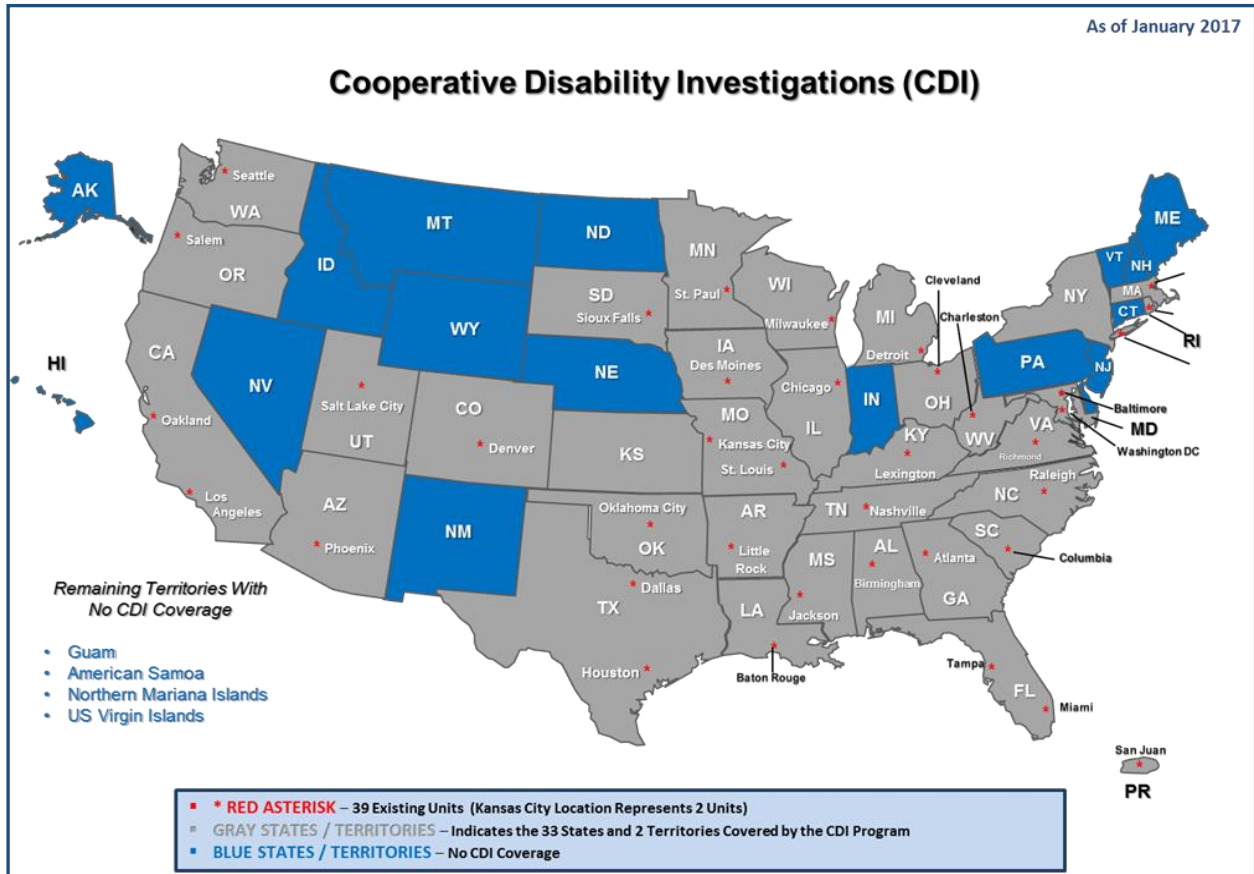


² According to the OIG, “Significant increases in ...[s]avings reported [in FY 2015] are the results of a major multi-year, multi-subject investigation conducted by the San Juan, Puerto Rico CDI unit.” OIG, 2015 Spring Semi-Annual Report to Congress.



Current CDI State Coverage

As illustrated below, SSA currently operates 39 units, covering 33 States, Washington DC, and the Commonwealth of Puerto Rico.



CDI Expansion Plan

Assuming participation from local law enforcement entities, SSA plans to expand CDI coverage to the 17 remaining States, and 4 remaining Territories. We are currently slated to open 1 CDI unit in FY 2017, and will target implementation of **2-4 units** per year thereafter until nationwide coverage is complete, as outlined in the below tentative expansion/rollout schedule.



CDI Expansion (FY 2017 - FY 2022)			
	Target # of Additional CDI Locations to Implement	Target Locations	Estimated Total Agency Start-Up Cost
FY 2017	1	Iselin, New Jersey	\$900k **
FY 2018	2-4	TBD *	\$2 – \$5 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.

** FY 2017 - New Jersey's estimated start-up costs are lower based on no build-out expenditures needed

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 to the agency. These costs represent a *maximum* cost estimation, and SSA continues to look for opportunities to reduce startup costs of new units, through 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 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 eight CDI Units operating without a law enforcement partner. However, three of those units have pending partners and are in the process on joining the CDI program.

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.