



SOCIAL SECURITY

The Commissioner

February 3, 2016

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

Dear Chairman Hatch:

Please find enclosed our report, as required under section 811(b) of the *Bipartisan Budget Act of 2015*, describing our plan to establish cooperative disability investigations 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 am sending similar letters to Senator Wyden, and to Representatives Brady and Levin.

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

Sincerely,

Carolyn W. Colvin
Acting Commissioner

Enclosure



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The Honorable Sander Levin
Committee on Ways and Means
House of Representatives
Washington, DC 20515

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Carolyn W. Colvin
Acting Commissioner

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**Social Security Administration (SSA)
Expansion of Cooperative Disability Investigation (CDI) Units 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. This requirement will be subject to the availability of funding and participation of local law enforcement agencies; and,
- Requires the Acting Commissioner to 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.

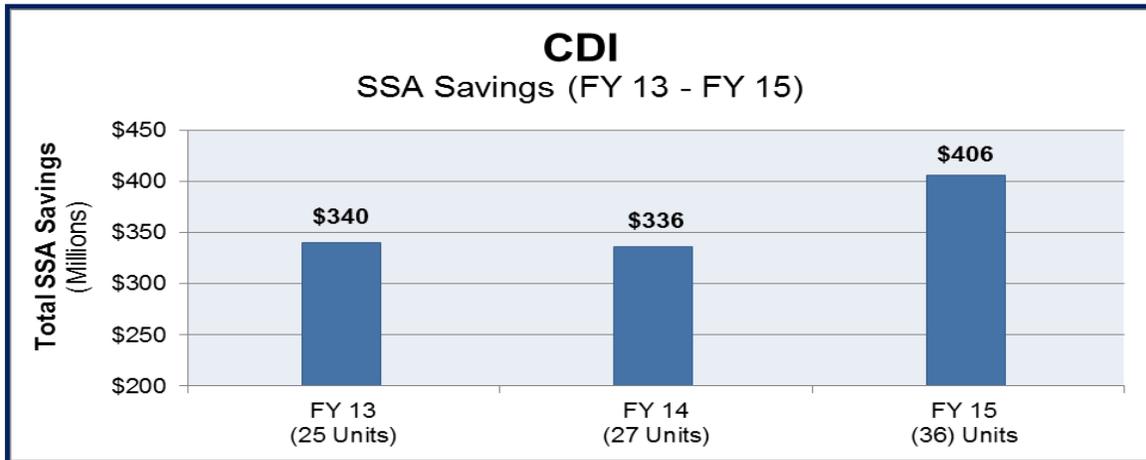
The mission of the CDI program is to investigate questionable statements and activities of claimants, medical providers, and other third parties, as well as obtain evidence of material fact sufficient to resolve questions of potential fraud in the agency's disability programs. Their contributions help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

During fiscal year (FY) 2015, the CDI program reported approximately \$406 million in projected savings to SSA's disability programs and approximately \$291.5 million to non-SSA programs, such as Medicare, Medicaid, housing assistance, and food subsidy programs.

Since the program launched in 1997, CDI efforts contributed to approximately \$3.3 billion in projected savings to SSA's programs, and approximately \$2.2 billion in projected savings to non-SSA programs.

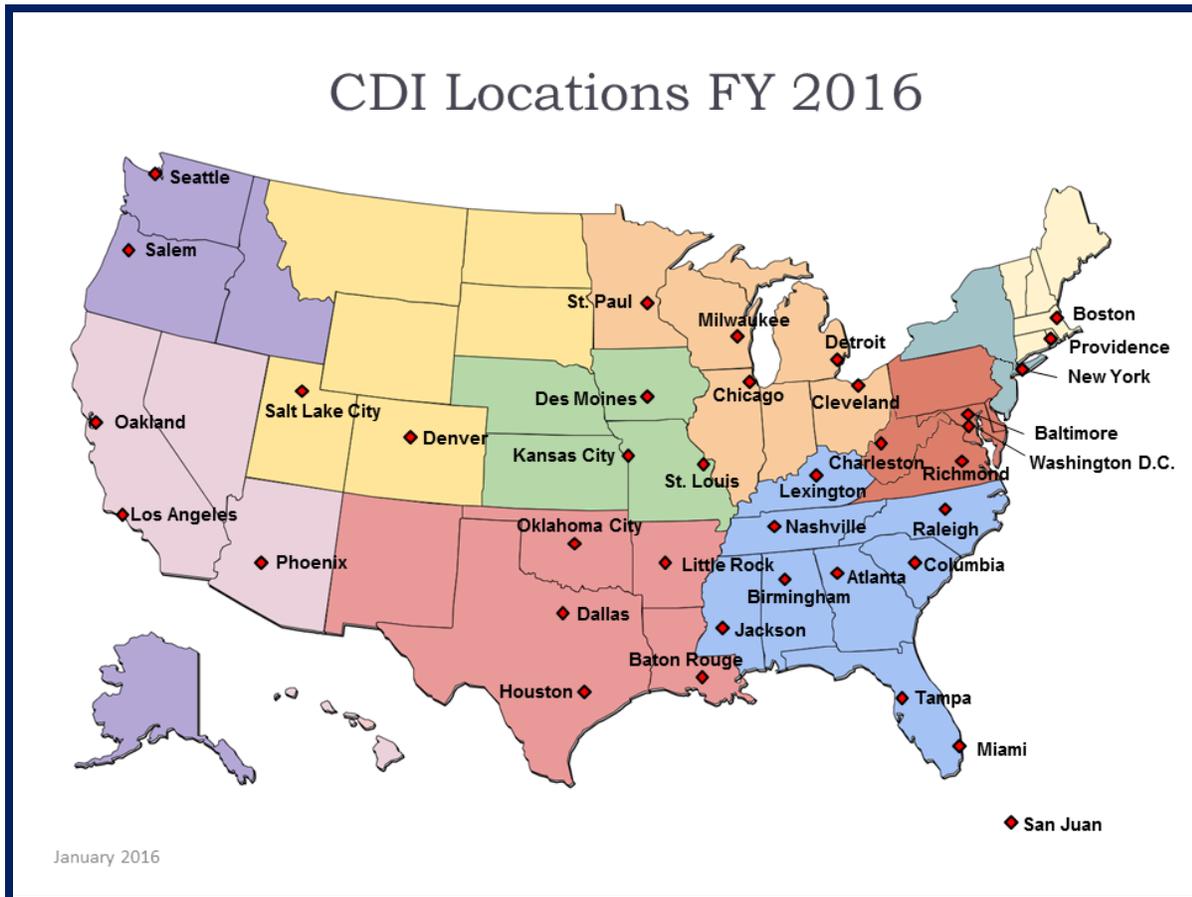


Below is a “3-year snapshot” of agency savings from FY 2013 through FY 2015, illustrating a trend of steady savings over the years, with our most notable savings during FY 2015.



Current CDI State Coverage

As illustrated below, SSA currently operates 37 units, covering 31 States, Washington, DC, and the Commonwealth of Puerto Rico.





CDI Expansion Plan

Early in FY 2016, we successfully opened a CDI unit in Washington DC, and plan to provide coverage to one additional State by September 30, 2016. With available agency funding and participation from local law enforcement, SSA will expand CDI coverage to 19 remaining States, and four remaining Territories. In doing so, beginning FY 2017, we plan to implement **3-4 units** per year until nationwide coverage is complete, as outlined in the below tentative expansion/rollout schedule.

CDI Expansion (FY 2016 through FY 2022)				
	Target # of Additional CDI Locations to Implement	Target Locations	Estimated Total Yearly Agency Cost	Cumulative Cost
FY 2016	1	TBD *	\$1.2 Million	\$1.2 Million
FY 2017	3	TBD *	\$3.6 Million	\$4.8 Million
FY 2018	3	TBD *	\$3.6 Million	\$8.4 Million
FY 2019	4	TBD *	\$4.8 Million	\$13.2 Million
FY 2020	4	TBD *	\$4.8 Million	\$18.0 Million
FY 2021	4	TBD *	\$4.8 Million	\$22.8 Million
FY 2022	4	TBD *	\$4.8 Million	\$27.6 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.*

Total estimated agency “start-up” and operating expenses may cost up to \$1.2 million per added unit, or approximately \$28 million in total for all remaining units. Ongoing operating costs during subsequent years will be approximately \$800,000 per unit, or an additional \$18 million per year after full expansion/rollout is complete. Costs per individual unit will vary depending upon location.

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. For example, in many instances, the willingness to offer partnering investigative personnel is contingent on each of the law enforcement’s own state, city, and/or county budget approvals. Therefore, securing law enforcement commitments typically occurs within the year of interest, not beyond current fiscal years.

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 quarterly/annual reports, as the agency reinforces its commitment to combat fraud.