



SOCIAL SECURITY

Office of the Inspector General

MEMORANDUM

Date: September 6, 2001
To: Larry G. Massanari
Acting Commissioner
of Social Security

Refer To: 31250-23-210

Inspector General

Subject: Review of the Social Security Administration's Process for Establishing Living Arrangements and Value of In-Kind Support and Maintenance for Supplemental Security Income Recipients (A-05-99-21002)

The attached final report presents the results of our evaluation. Our objective was to evaluate the adequacy of the process used by the Social Security Administration for establishing living arrangements and the value of in-kind support and maintenance for Supplemental Security Income recipients.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "James G. Huse, Jr."

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**ESTABLISHING LIVING ARRANGEMENTS
AND VALUE OF IN-KIND SUPPORT AND
MAINTENANCE FOR SUPPLEMENTAL
SECURITY INCOME RECIPIENTS**

September 2001

A-05-99-21002

EVALUATION REPORT



Executive Summary

OBJECTIVE

Our objective was to evaluate the adequacy of the process used by the Social Security Administration (SSA) for establishing living arrangements (LA) and the value of in-kind support and maintenance (ISM) for Supplemental Security Income (SSI) recipients.

BACKGROUND

The SSI program provides a minimum level of income to financially needy individuals who are aged, blind or disabled. The means-tested nature of the SSI program requires that individuals' needs be matched with their financial circumstances for purposes of determining benefit eligibility and payment amounts. Regulations require that an individual's LA along with ISM and other forms of unearned income are to be considered when establishing SSI eligibility and payment amounts. ISM is defined as unearned income in the form of food, clothing or shelter. The classification of an individual's LA determines the procedures used to value ISM. The Modernized SSI Claims System (MSSICS) is an automated system for gathering, recording and updating SSI claims information.

RESULTS OF REVIEW

Procedures for determining an individual's LA and the value of ISM are difficult to administer and can result in SSI claims being improperly developed. These difficulties result from complex and difficult to verify eligibility requirements. In response to our questionnaire, field office (FO) staff stated that some claims representatives (CR) rely solely on MSSICS to make LA and ISM determinations without verifying that complete and accurate data is recorded. SSA's procedures do not require CRs to independently verify such key information as the applicant's marital status, household size and composition and rental liability. Also, CRs may not sufficiently interview applicants concerning their income and household expenses to ensure that the data is accurate. Moreover, procedures allow CRs to accept applicants' statements without verification. When it is required, corroboration can be requested from other household members rather than independent third parties.

CONCLUSIONS AND RECOMMENDATIONS

We found vulnerabilities in the methods used by SSA to determine LA and the value of ISM for SSI applicants. We were unable to determine the accuracy of benefit decisions during our review of randomly sampled SSI cases. This was primarily due to the difficulty of assessing LA and ISM determinations long after SSA's initial case development and insufficient documentation to support its determinations. We

determined that SSA has no effective method to verify such key factors as household size and composition, rental liability and marital status. As a result, SSI applicants may qualify for benefits or cause payment errors by providing incorrect LA and ISM information. In addition, SSI is vulnerable to fraud and abuse. According to the Fiscal Years 1998 and 1999 SSA dollar accuracy reports, there were estimated errors classified as type "A" and ISM totaling \$86 million and \$186 million, respectively. The LA "A" classification represents SSI recipients who rented, owned their home, lived in certain institutions, lived with others and paid their share of the household expenses, were homeless, or were aliens living in a sponsor's household. We believe that enhancements to MSSICS, improved access to government data bases, and improved employee training would reduce the Agency's vulnerability to payment errors, fraud and abuse.

We recommend that SSA:

- Enhance MSSICS to assist CRs in determining applicants' LA status and ISM value.
- Continue to develop FO access to State and other agencies' data bases.
- Develop CR training tailored for the specific needs of local offices.

AGENCY COMMENTS

SSA generally agreed with the intent of our recommendations. Regarding recommendation one, SSA believes that MSSICS already processes LA and ISM correctly. The Agency's comments also respond to specific concerns with MSSICS expressed by some of the FO staff who responded to the questionnaire. The full text of SSA's comments is included in Appendix D.

OIG RESPONSE

We continue to believe that enhancements to MSSICS are needed to assist FO staff in correctly determining applicants' LA status and ISM value. Our opinion is based on the concerns expressed by some of the randomly sampled FO staff who were selected as representative MSSICS users. We revised our report to include a reference in the Congressional testimony section as suggested by SSA in their comments to our draft report.

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Acronyms

CR	Claims Representative
DDS	Disability Determination Service
DEQY	Detailed Earnings Query
DoJ	Department of Justice
FBR	Federal Benefit Rate
FO	Field Office
FY	Fiscal Year
GAO	General Accounting Office
IRS	Internal Revenue Service
ISM	In-Kind Support and Maintenance
LA	Living Arrangements
MBR	Master Beneficiary Record
MSSICS	Modernized Supplemental Security Income Claims System
OI	Office of Investigations
OIG	Office of the Inspector General
PERC	Pre-Effectuation Review Contact
PMV	Presumed Value
POMS	Program Operations Manual System
SEQY	Summary Earnings Query
SR	Service Representative
SSA	Social Security Administration
SSI	Supplemental Security Income
SSID	Supplemental Security Income Display
SSN	Social Security Number
SSR	Supplemental Security Record
TANF	Temporary Aid to Needy Families
VA	Veterans Administration

Introduction

OBJECTIVE

Our objective was to evaluate the adequacy of the process used by the Social Security Administration (SSA) for establishing living arrangements (LA) and the value of in-kind support and maintenance (ISM) for Supplemental Security Income (SSI) recipients.

BACKGROUND

The SSI program provides a minimum level of income to financially needy individuals who are aged, blind or disabled.¹ The means-tested nature of the SSI program requires that individuals' needs be matched with their financial circumstances for purposes of determining benefit eligibility and payment amounts.² Regulations require that an individual's LA along with ISM and other forms of unearned income are to be considered when establishing SSI eligibility and payment amounts.³ ISM is defined as unearned income in the form of food, clothing or shelter.⁴ The classification of an individual's LA determines the procedures used to value ISM.

The Modernized SSI Claims System (MSSICS) is an automated system for gathering, recording and updating SSI claims information. MSSICS assists claims representatives (CR) in making SSI eligibility decisions by directing the CR through the claims-taking process based on the information entered. The system helps CRs identify inconsistencies and collect relevant data. MSSICS notifies CRs when information is incomplete by generating online alerts or edits. Once sufficient information is entered on a claim for MSSICS to make a determination, the system confirms eligibility and calculates the applicant's benefit rate.

LA and ISM Determination Process⁵

SSA policy requires individuals to disclose certain aspects of their financial arrangements and living situation so that SSA can assign the correct LA and value of ISM. The determination of LA and whether ISM is involved is one of several difficult and complex aspects of the SSI application process. SSA relies on applicants to report information key to the eligibility decision such as whether they are married, live in their own household, pay rent or whether they own their own home and are responsible for paying food and shelter costs. Vulnerabilities exist because this information is obtained from the applicant and, when necessary, corroborated by individuals close to the

¹ 20 C.F.R. § 416.110.

² *ibid.*

³ SSA's Programs Operation Manual System (POMS) section SI 00835.001.

⁴ POMS section SI 00835.020.

⁵ 20 C.F.R. § 416.1130 *et. seq.*, and POMS section SI 00835.001 *et. seq.*

applicant. As a result, some applicants may misrepresent aspects of their LA and ISM in order to qualify for benefits or increase their benefit amount.

Essentially, SSA has two rules for valuing ISM, the “one-third reduction rule” and the “presumed value rule.” The one-third reduction rule applies to an individual living in the household of a person who provides the recipient with both food and shelter.⁶ Under this rule, instead of determining the actual dollar value of ISM, SSA considers only one-third of the Federal benefit rate (FBR)⁷ as additional income. The presumed value rule applies in all other situations where a SSI recipient is receiving countable ISM.⁸ Under this rule, instead of determining the actual dollar value of ISM, SSA presumes a maximum value of ISM. This maximum value is presumed to be one-third of the individual’s FBR plus the amount of the individual’s general income exclusion.⁹ Applicants are provided the opportunity of demonstrating that the actual ISM value is less than the presumed maximum, in which case the actual ISM value is used to determine the benefit amount.

In June 1999, the SSA Office of Training provided LA and ISM refresher training to FO staff. The training was broadcast on numerous occasions with question and answer sessions following each broadcast.

Congressional Testimony

In April 1998, a former SSA CR testified before Congress concerning fraud and abuse in the SSI program. Her testimony was given to support the testimony of the SSA’s Principal Deputy Commissioner, who discussed SSA’s administrative initiatives and legislative proposals for protecting the integrity of the SSI program. The former CR testified that the SSI program is vulnerable to fraud and abuse because of reliance on the recipient to report information and changes to SSA. She stated that recipients are required to report changes in their LA, but SSA might not make formal contact with the recipient for 2 or 3 years when a redetermination of eligibility is due. Unless the recipient reports a change or SSA initiates contact with the recipient prior to the redetermination, SSA assumes that the recipient’s situation has not changed and monthly SSI benefits are correct. According to the former CR, recipients seldom report changes affecting their LA since they realize their monthly SSI benefits and entitlement to Medicaid can be affected by the information they furnish to SSA.

The former CR also discussed the treatment of married couples receiving SSI benefits. SSA procedures require a 25 percent reduction in the FBR for married couples based on the concept that two people can live together more economically than if each lived alone.¹⁰ However, unmarried recipients living together are not subject to the benefit

⁶ 20 C.F.R. §§ 416.1131 through 416.1133.

⁷ 20 C.F.R. § 416.1101.

⁸ 20 C.F.R. §§ 416.1140 through 416.1145.

⁹ 20 C.F.R. § 416.1124(c)(12).

¹⁰ 20 C.F.R. § 416.412.

reduction. She also testified that once married couples become aware of this reduction, they might claim they no longer are married or are married but not living together. Benefits can be reduced for recipients living together regardless of marital status if SSA determines they hold themselves out to the community as a married couple.¹¹

Other Reports

Each fiscal year (FY), SSA issues a report on the dollar accuracy of SSI payments. The report is a measure of SSI payment accuracy based on a review of nondisability factors of eligibility for initial claim awards and field office (FO) redeterminations of eligibility. For FY 1998, projected total deficiency dollars¹² were \$935 million, of which \$37 million related to LA "A" and \$70 million related to ISM. For FY 1999, projected total deficiency dollars were \$1.1 billion, of which \$49 million and \$116 million related to LA "A" and ISM, respectively. The LA "A" classification represents SSI recipients who rented, owned their home, lived in certain institutions, lived with others and paid their share of the household expenses, were homeless, or were aliens living in a sponsor's household.

In October 2000, the General Accounting Office (GAO) issued a report concerning improper payments by Federal agencies and grantees.¹³ GAO stated that the Federal government risks disbursing improper payments because of its size, program complexity, historically weak payment control environment and insufficient preventive controls. GAO suggested agencies analyze the characteristics of cases identified as having improper payments and identify the circumstances and root causes leading to improper payments as a foundation for developing sound strategies to mitigate improper payments in their programs.

In November 2000, SSA issued a report entitled "The SSI Program at the Millennium." The report stated that determining eligibility and benefit amounts in a means-tested program is a complex process. SSI program complexity is rooted in the requirement to determine eligibility and payment amount based on a set of rules for income, resources, LA, and a disability determination for individuals under age 65. The report also discussed several options for simplifying ISM, but no recommendations were made.

In December 2000, SSA issued another report entitled "Simplifying the Supplemental Security Income Program: Challenges and Opportunities." The report provides background on current SSI rules and also discusses options for simplifying LA and ISM policies. While no recommendations were made, the report states that the options should be assessed in terms of program integrity, benefit equity, and benefit adequacy. A recommendation should be based on how these three factors are weighted.

¹¹ 20 C.F.R. § 416.1806 and Social Security Act § 1614(d)(2), 42 U.S.C. 1382c.

¹² A deficiency is an action or failure to act on the part of SSA or the recipient, which results in an incorrect eligibility determination or incorrect payment amount. Total deficiency dollars represent SSA's projected aggregate beneficiary overpayments and underpayments.

¹³ GAO report, "Improper Payments," GAO-01-44, issued October 27, 2000.

SCOPE AND METHODOLOGY

We extracted 324,841 records from the Supplemental Security Record coded as LA "A" from November 30, 1997 to December 1, 1998. A population of 44,329 cases with ISM was identified. From this population we randomly selected a probe sample of 30 records. The probe sample was not expanded because we found insufficient documentary evidence to identify errors related to the determination of LA or ISM. We also randomly selected 50 FOs to obtain comments about LA and ISM determinations made prior to the SSI award decision.

To accomplish our objective, we:

- interviewed SSA staff at the Chicago Regional Office, four FOs and SSA Headquarters;
- interviewed SSA Office of the Inspector General (OIG) Special Agents in Chicago, Illinois and Detroit, Michigan;
- reviewed applicable sections of SSA procedures contained in the Program Operations Manual System (POMS);
- reviewed three recent criminal prosecutions involving LA and ISM issues;
- reviewed applicable SSI case folders, record displays, MSSICS screens, Master Beneficiary Records and Payment History Update System records for 30 sample records;
- reviewed prior audit and evaluation reports addressing the LA and ISM determination process issued by GAO and OIG; and
- reviewed questionnaires sent to 50 randomly selected FOs.

We performed our evaluation in Chicago, Illinois. Our field work was conducted from January 1999 to June 2000. The entity evaluated was the Office of Program Benefits within the Office of the Deputy Commissioner for Disability and Income Security Programs. We performed this evaluation in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.

Results of Review

Procedures for determining an individual's LA and the value of ISM are difficult to administer and can result in SSI claims being improperly developed. These difficulties result from complex and difficult to verify eligibility requirements. FO staff stated that some CRs rely solely on MSSICS to make LA and ISM determinations without verifying that complete and accurate data is recorded. SSA's procedures do not require CRs to independently verify such key information as the applicant's marital status, household size and composition and rental liability. Also, CRs may not sufficiently interview applicants concerning their income and household expenses to ensure that the data is accurate. Moreover, procedures allow CRs to accept applicants' statements without verification. When it is required, corroboration can be requested from other household members rather than independent third parties.

The insufficient claims development and information verification of certain eligibility factors results in vulnerability to payment errors, fraud and abuse. Our results are based on reviews of the 30 SSI cases randomly sampled involving ISM and 50 questionnaire responses received from FOs.

FRAUD CASES

We also reviewed three fraud cases developed by the OIG Office of Investigations (OI) that involved the misrepresentation of LA. These three cases highlight the importance of the LA and ISM determination in arriving at the correct SSI award decision. These cases also illustrate how SSI applicants and recipients can make false and misleading statements concerning their LA without detection. These recipients were erroneously paid SSI benefits totaling \$65,219. Details concerning the cases are summarized below.

A mother applied for SSI benefits on July 23, 1992 on behalf of her disabled child. The application showed the household consisted of the disabled child, the mother, father and another child. The application was denied because household income exceeded the level of income allowable by the SSI program. Within 3 months, the mother requested reconsideration and filed a new application. The reconsideration request was based on a change in LA effective August 24, 1992. She alleged the father of the disabled child no longer lived in the household, thus reducing the reported household income and entitling the child to SSI benefits.

SSA learned the change in LA reported by the mother was false based on a tip from the child's father. The father found a copy of a Social Security check in the mother's name. Specifically, the mother lied when she claimed her husband no longer lived in the household. The child's father continued to reside in the household and, as a result, the household income was in excess of the amount allowed for SSI eligibility. The case was submitted to the OIG for investigation. The investigation concluded that the

applicant had lied about her marital relationship, as well as the size and composition of the household to qualify her child for SSI benefits. She improperly received \$22,344 in SSI benefits paid during July 1992 through April 1997. On April 15, 1999, the mother was sentenced to 6 months home detention; 5 years supervised probation, and ordered to make full restitution to SSA for the \$22,344 in SSI benefits. As of February 26, 2001, the Department of Justice (DoJ) reported no restitution was paid to SSA.

The second fraud case involved a mother applying for SSI benefits for her two children. The mother told SSA she was separated from her husband. However, she failed to provide SSA with his home address and telephone number. She also claimed her husband paid child support. The husband provided statements to SSA alleging the payment of child support consistent with the mother's allegations. SSI benefits were paid to the children based on these statements.

SSA became suspicious after hearing from a relative that the mother may have deceived SSA about her LA to receive SSI benefits. After learning of the potential fraud, SSA verified the household size and composition, household income, and address provided by the mother. On March 12, 1998, SSA obtained the father's employment information and verified his wages. The family's correct address and the husband's rental liability were also established. Both children were erroneously paid \$32,983 in SSI benefits for June 1992 through April 1998 based on false statements concerning LA and excess household income. On April 14, 1999, both parents were sentenced to probation for a period of 5 years and 6 months home detention. For making false statements, both were ordered to make restitution to SSA in the amount of \$32,983. As of February 26, 2001, DoJ has reported that SSA received restitution in the amount of \$1,300.

In the third fraud case, on January 27, 1997 the SSA OIG Hotline received an anonymous report that a SSI recipient and his wife, a SSA service representative (SR), lied to SSA about their LA in order to qualify him for SSI benefits. The OI investigation revealed shortly after being married, the SSI recipient reported his marriage to SSA and his benefits were suspended in January 1995. Soon after the marriage was reported, the former recipient reported he and his wife were separated in February 1995. As a result of his change in LA, SSA reinstated his SSI benefits. When questioned, the spouse stated she considered the beneficiary to be her husband and, although they have separated on occasion, they have always considered themselves married and living together. The OI investigation proved that the SSI beneficiary had never separated from his wife for long and he made false statements to SSA about his LA in order to continue receiving SSI benefits from September 1995 to May 1997. On April 9, 2000, the recipient's wife received a 14-day suspension from her job as a SR. In addition, on April 26, 2000, the Northern District of Georgia charged the recipient with concealment of events affecting initial or continued right to SSI payments and ordered him to pay SSA restitution in the amount of \$9,892. As of February 26, 2001, DoJ reported no restitution was paid to SSA.

SAMPLED CASES

We reviewed a random sample of 30 SSI cases with ISM. In only 1 of the 30 cases did CRs independently verify all information considered key to the SSI benefit decision. For the remaining 29 cases our review revealed that CRs determined the applicant's LA and valued ISM without independently verifying:

- marital status, household size and composition and rental liability in 18 cases;
- marital status and household size and composition in 4 cases;
- marital status and rental liability in 1 case;
- household size and composition in 2 cases;
- marital status in 1 case; and
- household size and composition and rental liability in 3 cases.

We were unable to determine the accuracy of SSA benefit decisions during our review of randomly sampled SSI cases. This was primarily due to the difficulty of assessing LA and ISM determinations long after SSA's initial case development and insufficient documentation to support its determinations. We determined that SSA has no effective method to verify key factors as household size and composition, rental liability and marital status. This was due to complex and difficult to verify eligibility requirements. As a result, SSI applicants may qualify for benefits or cause payment errors by providing incorrect LA and ISM information. The sampling methodology and results are shown in Appendix A.

QUESTIONNAIRE RESPONSES

Questionnaires were sent to district managers of the selected FOs. Each manager determined who would respond to the questionnaire. See Appendix B for a sample questionnaire. We analyzed questionnaire responses obtained from 50 randomly selected FOs pertaining to the determination of LA and ISM when processing initial SSI applications. The following table identifies the job title of respondents representing each FO.

Job Title of Respondents	Number of Field Offices
Claims Representative	13
District Manager	13
Management Support Specialist	10
Operations Supervisor	5
Assistant District Manager	3
District Manager/Claims Representative	2
Operations Supervisor/Claims Representative	1
Management Support Specialist/Claims Representative	2
Technical Assistant	1
Total	50

The questionnaire was divided into the following five categories: (1) Processing Initial SSI Applications, (2) SSA Data Bases Used in Processing Initial Applications, (3) Use of On-Line Access to State or Other Agency, (4) Use of MSSICS, and (5) Opinions or Recommendations. Specific questions and detailed FO responses to the questionnaire are presented in Appendix C. Presented below are summaries of the most frequent FO responses.

Processing Initial SSI Applications

- Twenty-six FOs believed the processes used to determine LA and ISM are too complicated because allegations are impossible to independently verify, such as household expenses, separate purchase of food and rental subsidy. The verification process was described as cumbersome and unreliable because much of the information used to make determinations is obtained from the applicant and corroborated by a member of the applicant's family.
- Nine FOs said they interview SSI applicants before completing the MSSICS application. They believe applicants should be carefully questioned concerning household expenses before completing their evaluation of LA and ISM.

SSA Data Bases Used in Processing Initial Applications

Thirty-one FOs said SSA data bases help, to some extent, determine LA and whether ISM exists; however, 19 FOs said SSA data bases provide no help with establishing LA or determining whether ISM should be considered.

Use of On-Line Access to State or Other Agency

Presently, SSA has connections to 64 agencies in 37 States. At the time our questionnaire was distributed, 26 FOs did not have on-line access to State or other agencies' data bases. FOs with on-line access believed this data is timelier than similar data available on SSA systems, helping to reduce overpayments. Examples of information obtained from external data bases considered useful in making initial SSI award determinations are food stamps, workers' compensation, wages, employers, child support, and veteran benefits.

Use of MSSICS

- Thirty-nine FOs believed MSSICS questions are adequate and cover all questions needed to make a correct determination about an applicant's ISM. However, 11 FOs believed MSSICS does not adequately cover all questions needed to make a correct determination. One FO believed the presumed value option is used more frequently than it should because the CR assumes that the maximum ISM reduction is chargeable without further development. The FO believed a change in the order of the ISM questions would be helpful. The CR could first ask about the value of household expenses, determine the individual's share of household expenses, and then determine if the presumed value is chargeable.
- Eight FOs believed MSSICS does not adequately cover all questions needed to make a correct determination about an applicant's LA.

Opinions or Recommendations

- Twenty FOs believed the LA and ISM process can be simplified. One suggestion was to eliminate the concept of LA because applicants know what answers to provide or they change their statements when they realize the impact on the benefit amount. Another suggestion was to discard the whole concept of LA and ISM and replace it with a flat benefit rate. It was further stated that the current process is weak due to the high level of subjectivity and the potential for manipulation of information.
- Eight FOs provided examples of how MSSICS can be improved. One FO suggested that ISM questions on the MSSICS application should agree with the paper application. The MSSICS application and the paper application do not ask questions in the same order. The FO recommended that more proof be required (especially for questions not on the paper application) and paper applications be updated to mirror MSSICS. As an alternative, the FO recommended that MSSIC be expanded to allow 100 percent of all cases to be processed through the system.

- Seven FOs believed problems with determining LA and ISM are largely due to inadequately trained CRs. An inexperienced CR who depends solely on MSSICS questions might not obtain sufficient information for a correct determination of LA and ISM. Therefore, emphasis should be placed on providing CRs with a working knowledge of, and ready access to, commonly used POMS provisions for LA and ISM determinations. CRs should be trained using types of cases most often encountered in their FO on a routine basis.

Conclusions and Recommendations

We found vulnerabilities in the methods used by SSA to determine LA and the value of ISM for SSI applicants. We were unable to determine the accuracy of benefit decisions during our review of randomly sampled SSI cases. This was primarily due to the difficulty of assessing LA and ISM determinations long after SSA's initial case development and insufficient documentation to support its determinations. We determined that SSA has no effective method to verify such key factors as household size and composition, rental liability and marital status. As a result, SSI applicants may qualify for benefits or cause payment errors by providing incorrect LA and ISM information. In addition, SSI is vulnerable to fraud and abuse. According to the FYs 1998 and 1999 SSA dollar accuracy reports, there were estimated errors for LA "A" and ISM totaling \$86 million and \$186 million, respectively. We believe that enhancements to MSSICS, improved access to government data bases, and improved employee training would reduce the Agency's vulnerability to payment errors, fraud and abuse.

We recommend that SSA:

1. Enhance MSSICS to assist CRs in determining applicants' LA status and ISM value.
2. Continue to develop FO access to State and other agencies' data bases.
3. Develop CR training tailored for the specific needs of local offices.

AGENCY COMMENTS

SSA generally agreed with the intent of our recommendations. Regarding recommendation one, SSA believes that MSSICS already processes LA and ISM correctly. The Agency's comments also respond to specific concerns with MSSICS expressed by some of the FO staff who responded to the questionnaire. The full text of SSA's comments is included in Appendix D.

OIG RESPONSE

We continue to believe that enhancements to MSSICS are needed to assist FO staff in correctly determining applicants' LA status and ISM value. Our opinion is based on the concerns expressed by some of the randomly sampled FO staff who were selected as representative MSSICS users. We revised our report to include a reference in the Congressional testimony section as suggested by SSA in their comments to our draft report.

Appendices

Sampling Methodology and Results

We extracted 324,841 records from the Supplemental Security Record representing Supplemental Security Income (SSI) recipients who rented, owned their home, lived in an institution or were aliens living in a sponsor's household from November 30, 1997 to December 1, 1998. A population of 44,329 cases with in-kind support and maintenance (ISM) was identified. From this population we randomly selected a probe sample of 30 records.

To determine whether the correct living arrangement (LA) code was assigned and whether ISM was correctly valued, for each of the 30 probe cases, we reviewed related evidence used by Social Security Administration (SSA) to determine the applicant's initial LA code and amount of ISM. The following information was obtained for each probe case: (a) case folder, (b) SSI record display and (c) SSI Claims system data when available. In some cases, we also reviewed the Master Beneficiary Record and payment history data.

To supplement our case review, we obtained assistance from the SSA Office of the Inspector General, Office of Investigations (OI) in Chicago, Illinois. We asked OI to assist us in obtaining LA information on the 30 applicants. An automated system comprised of various State and Federal Government data bases available to OI was used to obtain the additional information on the sample cases.

We completed our review, but we were unable to completely assess the correctness of the initial LA and ISM determinations or whether overpayments occurred. This was primarily due to the insufficient documentation to support the determinations and the risk of error associated with our review of initial LA and ISM determinations long after SSA's initial case development. However, our review found that the potential for fraud and abuse exists because there was little or no independent verification of the applicant's LA and ISM allegations pertaining to marital status, household size and composition, and rental liability at or near the time of application. As a result, SSI applicants may qualify for benefits by providing incorrect LA and ISM information.

No vulnerabilities were found for 1 of the 30 sampled cases due to the claims representative's use of the applicant's tax returns, W-2 forms, etc. to verify LA allegations. For the other 29 cases, 1 or more elements of key information were unverified as shown by the following table and sample cases.

Possible Vulnerabilities			
Probe Sample Case Number	Was Marital Status ¹ Independently Verified?	Was Household Size or Composition Independently Verified?	Was Rental Liability Independently Verified?
1	No	No	Yes
2	No	No	No
3	Yes ²	No	Yes
4	Yes ²	No	Yes
5	Yes ²	Yes	Yes
6	No	No	No ⁶
7	No	No	No
8	No	N/A ⁴	N/A ⁵
9	Yes ³	No	No
10	No	Yes	No ⁶
11	No	No	Yes
12	No	No	Yes
13	No	No	No
14	No	No	No ⁶
15	Yes ³	No	No ⁶
16	No	No	No
17	No	No	No ⁶
18	No	No	No
19	No	No	No
20	No	No	No ⁶
21	No	No	N/A ⁵
22	No	No	No ⁶
23	No	No	No
24	No	No	No
25	No	No	No ⁶
26	No	No	No
27	No	No	No
28	No	No	No ⁶
29	Yes ²	No	No ⁶
30	No	No	No

¹ Marital Status refers to the allegation made by the applicant such as single, single but living with related/unrelated person(s), married, married but living apart, divorced, etc.

² Contact with former spouse, others in household, and/or reviewed divorce decree.

³ Applicant voluntarily reported "marriage and living with spouse" to SSA.

⁴ N/A – Denial Case (LA/ISM allegations were not basis for denial).

⁵ N/A – Home ownership alleged but not verified.

⁶ Inadequate support (i.e., others in household, family member, or rent receipt).

The following two randomly sampled cases illustrate the vulnerabilities in the LA and ISM determination process pertaining to marital status, household size and composition and rental liability.

Examples

A deaf individual applied for SSI benefits in January 1998 and received approximately \$1,957 in SSI benefits for 6 months before receiving Social Security disability benefits. The applicant alleged monthly rental liability of \$295 and electricity expenses of \$95 when first applying for SSI benefits. The applicant lived with another person and alleged they were not married. The applicant also stated she lived alone at her previous address, but the person she lives with paid the rent. The CR accepted these allegations.

Our analysis of this case revealed that the applicant did not provide SSA with complete and accurate information concerning her LA. We reviewed SSA records and with OI assistance found that the applicant did not live alone at her previous address. The person she lives with and other family members may have lived in the same household. We also found that the applicant has a child who was not reported to SSA. In addition, the child's father is the same person the applicant lives with. SSA records indicated that the child's father received Social Security disability benefits and the child's auxiliary benefits. We also found that the applicant used his last name and her first and/or middle name. Both have used her social security number. Our review indicates that the applicant misrepresented her LA and SSA could have made an incorrect LA or ISM determination that resulted in an improper SSI benefit decision.

The other sampled case involved a disabled individual who began receiving SSI benefits in January 1999. Initially, the applicant told SSA that she lived with her children and no changes in LA were expected. However, prior to the award decision, the applicant informed SSA that she lives alone in her own household and pays rent. Until her benefits began, she received financial help from family members. The CR corroborated the applicant's LA allegations by obtaining statements from family members. A rent receipt was also obtained from the applicant and the landlord's signed statement confirmed rental liability.

Our analysis of this case revealed that the applicant did not provide SSA with complete and accurate information concerning her LA. We reviewed SSA records and with OI assistance found that the applicant and her mother resided at the same address. Further review revealed that the applicant is the landlord's granddaughter. We also believe that the applicant's daughter (who acts as representative payee and receives SSI benefits on behalf of the applicant) may also live at the same address. Our review indicates that the applicant misrepresented her LA and SSA could have made an incorrect LA or ISM determination that resulted in an improper SSI benefit decision.

Sample Questionnaire

Field Office Name and Address: _____ Office Code: _____

**Name, Job Title and Phone Number
of Individual Completing Questionnaire:**

Category 1- Processing Initial Supplemental Security Income (SSI) Applications

1. Other than the questions in the Modernized SSI claims system (MSSICS) claims path or the paper application, what questions does a claims representative (CR) ask to help determine an applicant's living arrangement (LA) code and whether in-kind support and maintenance (ISM) should be considered?
 2. Does your office use any guides or checklists—other than required by Program Operations Manual System (POMS)—to help determine an applicant's LA/ISM when processing initial applications? _____ If yes, please submit a copy with this questionnaire.
 3. What types of allegations do you verify for:
 - a. LA? Please explain why.
 - b. ISM? Please explain why.
 4. What types of allegations don't you verify for LA/ISM? Please explain why.
 5. Do you feel that the POMS criteria for the development of ISM are too complicated? If so, please explain why and indicate which criteria.
 6. Is a supervisory or some other independent review conducted for initial SSI applications before they are processed for payment? _____ If yes, explain the procedures used for reviewing the applications.
 7. How many Social Security Administration (SSA) employees participate in the processing of a SSI applicant's initial application? (For each, list their job title, responsibilities and the average years of experience).
 8. On average, how long does it take to process an initial SSI application to an award for aged applicants and applicants with presumptive disabilities? _____ For applicants with disabilities? _____. Do these timeframes allow for verifying potential allegations for developing an applicant's LA and ISM? If not, please explain why.

Category 2 - SSA Data Bases Used in Processing Initial SSI Applications

1. List the SSA data bases (other than the MSSICS) that are used for verifying an applicant's nonmedical eligibility factors for initial SSI claims. Provide answer as a percentage of the number of SSI applications processed.
2. (a) Does SSA data base(s) provide current information on the applicant?
 - (b) If no, what are the risks for not having current information when making initial SSI awards? Please explain in detail.
 - (c) How does SSA compensate for any risks taken when making initial SSI awards? Please explain in detail.
3. Do any of SSA data bases help to determine an applicant's LA or whether ISM should be considered? Please explain.

Category 3 - Use of On-line Access to State or Other Agency for Processing Initial SSI Applications

1. (a) Does your office have on-line access to a State or other agency? _____
 - (b) If yes, list the on-line access that has been provided to your office by a State or other agency.
2. (a) Do you use on-line access to a State or other agency to verify nonmedical eligibility factors for initial claims? _____
 - (b) If yes, provide the name of the data base(s) and explain how the information from the data base(s) help to verify nonmedical eligibility factors for initial claims.
3. (a) Does the on-line data base(s) listed in Number 2(b) above, provide current information on the applicant? _____
 - (b) If yes, explain how the current information is useful when processing initial applications.
4. Do you find that data bases outside of SSA data bases provide more timely information, and as a result, there are less initial award errors? Please explain.
5. Can any of the data bases listed in Number 2(b) above help to determine an applicant's LA code and whether ISM should be considered? Please explain.
6. (a) How many CRs in your office have access to the on-line data base(s) listed in Number 2(b) above? _____

- (b) How many do not have access? _____
- (c) For those CRs that do have this capability, how often is it used for processing initial applications? Provide answer as a percentage of the number of SSI applications processed.
7. List the data bases that you presently do not have on-line access to that would be useful in making initial award decisions.

Category 4 - Use of MSSICS for Processing Initial Applications

1. What percentage of the time do you process initial SSI applications using MSSICS? _____ Explain under what circumstances MSSICS is not used to process initial SSI applications.
2. (a) Does MSSICS adequately cover all the questions that are needed to make a determination about an applicant's LA? _____
(b) If not, explain the limitations and identify questions needed in MSSICS to compensate for the limitations.
(c) How does a field office (FO) ensure that all LA questions are being asked to every SSI applicant? Please explain.
3. (a) Does MSSICS adequately cover all the questions that are needed to make a determination about an applicant's ISM? _____
(b) If not, explain the limitations and identify questions needed in MSSICS to compensate for the limitations.
(c) How does a FO ensure that all ISM questions are being asked to every SSI applicant? Please explain.

Category 5 - Your Opinions or Recommendations

What weaknesses or problems exist for developing an applicant's LA and/or ISM when processing initial SSI applications to an award for benefits? Please explain.

How would you correct any weaknesses or problems when developing an applicant's LA and/or ISM for initial eligibility.

Questionnaire Results

Category 1 - Processing Initial Supplemental Security Income (SSI) Applications

Question (1) - Other than the questions in the Modernized SSI Claims System (MSSICS) claims path or the paper application, what questions does a claims representative (CR) ask to help determine an applicant's living arrangement (LA) code and whether in-kind support and maintenance (ISM) should be considered?

Twenty-three field offices (FO) included the following statements as other questions asked of applicants filing for SSI benefits:

- Do you (the applicant) own, buy or rent? How do you pay the expenses?
- How are your bills being paid?
- Who pays your household expenses? Are bills current?
- Do you help with the bills? Do you pay anything toward household expenses? Do you pay rent? Does anyone give you money?
- Do you purchase and/or prepare your meals separate from other household members?
- If the applicant alleges he rents a room in a private home, we have to ask: Are you related to the landlord? We also have to ask and verify if the applicant makes any of the household decisions or pays a set amount each month for rent. If so, we ask if rent includes food and utilities. We also ask the following questions: Does the amount you pay increase if the landlord's expenses go up? Do you consider yourself a separate household?
- The CR must ask if the individual has home ownership or rental liability or if the individual resides in another's household. We also ask if they purchase or prepare their food separately. A yes answer to this question automatically leads to a LA "A" decision. The CR should then ask questions about shelter and food costs to determine if the individual's income is substantial enough to pay these expenses each month. A clue that there may be some financial help is when the alleged expenses exceed the monthly income.
- If alleged expenses exceed the alleged income, a CR would proceed as follows:

- How are you meeting your necessary living expenses?
- Do you have money or assets saved that you are using to pay your expenses?
- Are you married? Are you and your spouse living together? Do you live alone or with others?
- If no income is alleged and all questions about receiving assistance are answered in the negative, the interviewer will pursue the issue of unstated income.
- Does the household consist of immediate family members only?
- A CR would continue to question the LA/ISM if the applicant's allegation of contributions does not agree with the household expenses.
- CRs routinely ask if there are other people living in the house. For instance, if an individual alleges renting a room, the CR needs to determine if the LA is a legitimate room rental or a sharing situation.

Seventeen FOs reported that CRs ask no other questions than those that appear on the MSSICS claims path. Examples of responses provided were as follows:

- MSSICS questions are sufficient.
- MSSICS questions cover the basic necessary information. In individual cases the CR might need to rephrase or question more deeply to receive accurate answers.
- Unless an allegation of unstated income exists (individual has rent, mortgage and alleges no income) no other questions are asked.
- Varies. Intuition of CR based on knowledge of local community.

Nine FOs reported that other questions besides what is on MSSICS are asked of the applicants before going into MSSICS. The FOs specifically reported that they conduct pre-interviews. Examples of responses provided were as follows:

- CRs rarely use the language as shown in MSSICS, but the questions asked result in the same responses. When pre-screening for a claim, we determine the following: If they own or rent their home, who pays the household expenses, etc. If they allege little or no income, we ask how their expenses are being paid.
- Prior to completing the MSSICS claims path, CRs need to carefully question applicants about LA since our definition of a household is different from the general public (e.g., room rental in a household). CRs also need to consider the applicant's ability to pay shelter expenses.

- We do extensive pre-interviews on LA. We basically get the same information as the questions on the application or MSSICS. We just rephrase and combine questions to meet the situation of the interview. There are no new innovative questions that need to be added to the application.

One FO stated that the question was too general and there could be any number of questions depending upon the conversation that takes place between the interviewer and the applicant.

Question (2) - Does your office use any guides or checklists (other than required by Program Operations Manual System (POMS)) to help determine an applicant's LA/ISM when processing initial applications? If yes, please submit a copy with this questionnaire.

Forty-eight FOs stated that no other guides or checklists are used other than the POMS guides.

Two FOs submitted their pre-interview guides. The guide from one FO covered only the composition of the household. The guide from the other FO covered only the applicant or spouse.

Question 3(a) - What types of allegations do you verify for LA? Please explain why?

Forty-six FOs had similar responses that included the following statements as types of allegations that are verified for LA:

- We only verify what POMS requires unless we have reason to believe the applicant is lying. For example, we verify rental liability if a nonrelative is in the household. We also verify all public assistance households, sharing allegations, etc.
- We verify the following situations: Recipient living in own household because of presumed sharing, other household members on SSI or receiving welfare, flat fee (for room and board), rental subsidy (reduced rent), loan agreement, living in a facility, and rental liability when other adults are in the household.
- We may have to verify home ownership or rental liability allegations depending on household composition.
- We verify sharing allegations, public housing and all assistance households, home ownership and rental liability.
- The CR has to verify rental liability if the applicant alleges he/she rents and another adult other than a spouse is in the household. Household food and shelter expenses are also verified if the applicant lives with someone else and they allege sharing expenses with the householder. Room rental must be verified if the

applicant alleges he rents a room in a private home. Dates in and out of facilities must be verified. Allegations that the entire household receives public assistance must also be verified.

- The CR has to verify home ownership and/or rental liability when the applicant lives in a household with others (people other than spouse or minor child). Household expenses are also verified if the applicant lives in someone else's household.
- The CR verifies free rent and sharing situations. We look at rent receipts and verify allegations to ensure individual meets POMS requirements for LA.

Four FOs provided the following responses:

- None
- None
- We verify only if we believe the situation to be questionable.
- We do not verify for LA. This is not required. We accept the applicant's allegation of rental liability.

Question (3)(b) - What types of allegations do you verify for ISM? Please explain why.

Fifty FOs had similar responses and included the following statements for types of allegations that are verified for ISM:

- Amount of household expenses, number of people in household and if there is sufficient income to cover all household bills.
- Receipt of ISM if alleged amount is over presumed value (PMV) and receipt of ISM if alleged amount is under PMV (unstated income).
- PMV rebuttal situations and situations where the applicant is not the householder, per POMS.
- Value of ISM in sharing situations.
- Allegations of contributions from inside or outside of the household.
- When sharing and ISM help is less than cost (unstated income).
- Value of rent-free housing.
- When applicant does not pay current market value of rent.
- Applicant receiving military housing allotment.

- Statements from individuals outside of households who pay food and shelter expenses.
- Allegations of individual (applicant) in the household of another, that he or she is paying their share of the household expenses, or a portion of their share.
- Applicant receiving a loan (from a family member) that must be repaid.

Question (4) - What types of allegations don't you verify for LA/ISM? Please explain why.

Fifty FOs had similar responses and included the following statements of types of allegations that are not verified for LA/ISM:

- If the applicant accepts the PMV, we do not verify household expenses. Allegations of home ownership are not verified without reason. We don't verify allegations of receipt of both food and shelter from the householder. The value of the one-third reduction is applied if the applicant alleges receiving both food and shelter from the householder (LA "B").
- If the applicant alleges home ownership or rental liability and there are no other adults in the household, we do not verify.
- If applicant alleges home ownership, we do not have to verify.
- If applicants allege they do not know what the household shelter expenses are, but they know their share is over the PMV, they buy their food separate, and they do not make any contribution, you can charge the PMV.
- Public assistance households are not verified.
- We don't usually verify allegations of living alone (and can meet their living expenses).
- If applicant lives alone with rental liability and has income to cover bills we do not verify.
- If the applicant lives alone and was not related to the landlord, we would not verify.

Question (5) - Do you feel that the POMS criteria for the development of ISM are too complicated? If so, please explain why and indicate which criteria.

Twenty-six FOs reported that POMS criteria for the development of ISM are too complicated. Only 1 of the 26 FOs indicated specific POMS criteria. These 26 FOs provided similar comments to this question, which included the following statements:

- The entire section of POMS dealing with ISM is complicated (SI 0835.300-SI 0835.485). The instructions try to cover every possible situation such as one member of a couple separately consumes or purchases food and arrearages on household expenses. The SI 0835 section is filled with complicated computations for situations that rarely occur. For example rent-like payments (SI 0835.370), computing actual value or rental subsidy (SI 0835.380), what the averaging period is for household expenses (SI 0835.475), breakpoints and effective months. The whole concept of LA and ISM needs to be simplified from a program standpoint. Rewriting the POMS is not needed. Like most of the SSI program, a title XVI CR needs to be a Certified Public Accountant, insurance agent, financial advisor, realtor, lawyer and social worker. LA is just a small part of the complexity and impracticality of trying to administer the entire program. For example, the bona fide loan provision is a joke. The word is out. Applicants know to say they are expected to repay living expenses and the person providing the expenses knows to confirm the loan arrangement. As a CR, one may know that there is really no intention to repay, but all of the requirements for a bona fide loan exist, and we must honor that.
- The whole concept is too complicated and gets more so as Congress or the courts amend the way ISM is determined. We feel the whole concept of ISM should be discarded and replaced with a flat benefit rate. Everyone would get the flat rate. Developing ISM is too complicated and time-consuming and subject to manipulation by a well-informed applicant.
- The criteria are not too complicated for the SSA staff to comprehend or to apply properly. However the process is cumbersome and highly unreliable. So much of the information used to make determinations (such as household expenses, separate purchase of food, rental subsidy) is based on allegation and corroboration, which match the allegation, but do not match reality. Verification of all the alleged information (such as household bill amounts) is not practical given workload demands. The more logical solution is to eliminate the issue of LA/ISM from the payment amount/eligibility development entirely by paying the same rate for all LA. No distinction means no development and payment errors.
- The POMS criteria are set up in such a way that it begs for individuals to make fraudulent statements. Once an individual is aware of the rules, they know how to answer the questions in order to get a higher benefit. A legal advocacy group in our area routinely coaches applicants and recipients on how to answer questions so that they will receive the most advantageous LA.

- LA “B” is “stupid (best term for a simple problem)”. Keep it LA “A” with ISM.
- There should be no Optional State Supplement, which is where the majority of errors are made. There should be a flat rate paid and a household cap when there are more than three eligible members in a household.

Twenty-four FOs answered no to question 5. Only eight FOs explained their no answer. Examples are as follows:

- We feel we do not receive adequate training on LA/ISM and their relations with MSSICS.
- No. They were at one time but now the POMS allow us to accept allegations more often than not and the public is more educated on what to say. Clearly a lot of applicants have been schooled before coming to us.
- No. It appears to be fairly concise, especially for a complicated topic like ISM.
- POMS criteria are not very complicated. Once you use it for a while it makes sense and becomes second nature. The steps are logical: If an applicant has rental liability, he or she is a LA “A”. The CR should develop whether the applicant has the funds to pay for shelter. If applicant does not, then no ISM is involved. If they can't afford to pay for shelter, the CR should develop how they are paying for shelter as follows: If the payment is a loan, develop as to whether the applicant has the ability to repay the loan. Next, determine if the money was given to the applicant, or was the rent paid to the landlord. This determines if it is ISM or income.

Question (6) - Is a supervisory review or some other independent review conducted for initial SSI applications before they are processed for payment? If yes, explain the procedures used for reviewing the applications.

Thirty-two FOs stated supervisory reviews are not performed for initial claims. The following statements represent the comments from the remaining 18 FOs who stated that supervisory reviews are performed for initial claims:

- Seven FOs stated that claims are reviewed for large underpayments and/or systems limitations. Generally, another CR or technical assistant will review these claims before an initial payment is made.
- Five FOs stated that CR trainees have their work reviewed by more experienced CRs or managers. Generally, applications completed by trainees are reviewed on a declining basis as knowledge and skill increase.
- Two FOs stated that Target Assessment System reviews are conducted each month. Specific types of initial claims, such as a select number of Disability or ISM cases are identified for review. Generally, a CR or a manager reviews these cases.

- One FO stated that the person in charge of initial claims reviews the claim before the pre-effectuation review contact (PERC) is conducted. It is checked to see if further verification is needed.
- One FO stated that after the PERC, an adjudicator or an experienced CR reviews most of the cases.
- One FO stated that reviews are conducted on T30/SD cases. T30/SD are cases, which have been terminated as a result of someone getting married or divorced during or after a claim is filed. As a result, there is a change in the applicant's LA.
- One FO stated that cases involving LA "B", resources, wages, or Temporary Aid to Needy Families (TANF) are targeted for a peer review.

Question (7) - How many Social Security Administration (SSA) employees participate in the processing of a SSI applicant's initial application? (For each, list their job title, responsibilities and the average years of experience.)

Twenty-one FOs reported that one CR went through the entire SSI process by taking and adjudicating claims. Based on the information provided from 18 FOs, we determined that CRs processing claims from beginning to completion had an average of 10.4 years experience.

Twenty-one FOs reported that CRs have a second person to assist in claims taking. Assist employees and their duties are as follows:

- A CR takes the claim while another CR adjudicates the claim.
- Service representatives assist CRs by setting up appointments with SSI applicants. Claims Documentation Clerks assist CRs by documenting requests, sending medical folders to the disability determination services (DDS) office and setting up appointments with SSI applicants.
- Title II CRs who process deferred claims only. Deferred claims are disability claims sent to the DDS for an award determination. Once these claims are returned to the FO with an award decision, a complete review is conducted on the claim by either one or two title XVI CRs.

Note: We determined that 17 assisting employees had an average of 11.9 years experience. We also determined that another 18 employees who assist CRs with processing initial claims had an average of 15 years experience.

Five FOs reported that CRs have three or more employees assist them.

Three FOs had no response.

Question (8) - On average, how long does it take to process an initial SSI application to an award for aged applicants and applicants with presumptive disabilities? For applicants with disabilities? Do these timeframes allow for verifying potential allegations for developing an applicant's LA and ISM? If not please explain why.

Aged Applicants and Applicants with Presumptive Disabilities

- Twenty-five FOs stated the average processing time is from 1 to 5 days.
- Nine FOs stated the average processing time is 6 to 10 days.
- Seven FOs stated the average time is 11 to 20 days.
- Three FOs stated the average processing time is 21 to 30 days.
- One FO stated the average processing time is 94 days.
- Three FOs did not respond to the question.
- Two FOs could not be responsibly included in our calculation.

Applicants with Disabilities

Thirty-two FOs included both FO and DDS time when reporting the average time it takes to process an initial SSI disability application.

- Twenty FOs stated processing time takes from 2 to 3 months.
- Five FOs stated processing time takes from 3 to 4 months.
- Seven FOs stated processing time takes from 4 to 6 months.

Twelve FOs included FO time only when reporting the average time it takes to process an initial SSI disability application.

- Eight FOs stated processing time to an award takes 3 to 14 days.
- Three FOs stated it takes from 14 to 21 days.
- One FO stated it takes 30 days.

Potential Allegations

Forty FOs stated that timeframes allow for verifying potential allegations for developing an applicant's LA and ISM. However, six FOs stated that timeframes do not allow for verifying potential allegations for developing an applicant's LA and ISM. Reasons why are provided below:

- These are average figures. It often takes longer time to verify issues, especially if the person we need verification from lives in another State.
- Processing time pressures can and do conflict with some LA development and verification.

- LA/ISM is fully developed even when timeframes cannot be met. Complex cases, third party verification, etc., takes longer to process.
- Our geographical area has a lot of cases with deemed income, disability cases, and cases with ineligible spouses. The time spent on these cases is time consuming. Many ineligible spouses work and have much the same development as disability cases.
- Normally, delays come from DDS taking over 90 days and then we need a PERC or we try to verify ISM from someone outside our area that may not have a phone.

Category 2 - SSA Data Bases Used In Processing Initial SSI Applications

Question (1) - List the SSA data bases (other than MSSICS) that are used for verifying an applicant's nonmedical eligibility factors for initial SSI claims. Provide answer as a percentage of the number of SSI applications processed.

Forty-three FOs use SSA data bases to verify applicants' nonmedical eligibility factors for initial SSI claims. The most commonly used data bases are the Master Beneficiary Record (MBR), electronic file of all processed Social Security number (SSN) applications (Numident), Summary Earnings query (SEQY), Detailed Earnings query (DEQY) and Supplemental Security Record (SSR) and SSI Display (SSID).

Seven FOs did not respond to this question. The following reasons were given:

- The question was not applicable to their office (did not feel that SSA data bases are used to verify applicants nonmedical eligibility factors).
- The question was not understood.

Twenty-seven FOs reported using SSA data bases on all initial applications that are processed. The SSA data bases were generally the MBR, Numident, SEQY, DEQY and SSR/SSID.

Fifteen FOs reported either using a data base(s) less than 100 percent of the time for initial applications, or reported varying percents of usage of two or more data bases for their respective offices.

Eight FOs did not provide percentages. One FO stated they did not have a clue as to how often data bases were used.

Question (2)(a) - Does SSA data base(s) provide current information on the applicant?

Twenty-one FOs qualified their yes and no answers as to whether SSA data bases provide current information. Some of their responses were as follows:

- All are current except DEQY and SEQY. Wages are posted yearly.
- Yes. Numident and SEQY.
- Not always.
- No. Individuals who are receiving benefits by direct deposit do not report changes in addresses or phone numbers in a timely manner.
- No. Does not show current work, unemployment, child support and living in a Medicaid institution.
- Yes. Most of the time.
- In most cases data entered into the Falcon system is accurate. After payments have begun the TANF amounts are verified.

Twenty-nine FOs provided yes or no answers without explanations.

Question (2)(b) - If no, what are the risks for not having current information when making initial SSI awards? Please explain in detail.

Twenty-three FOs provided risk factors for not having current information. Examples are as follows:

- The risk of not having current information (i.e., wages) can cause unnecessary overpayments.
- Applicants may not tell us everything.
- Payment errors occur when income and resources are not reported.
- Risks for not having current information is inevitable when considering how most information is collected from the applicants themselves, and we cannot always be sure of their integrity.
- Improper awards thus more overpayments.
- Incorrect benefit computations will result if information on data base is inaccurate or not current. Also, additional processing time is a result when we have to verify with outside sources.
- You can't know for sure that the address/residence shown on the records is correct and having to verify the information can delay claim processing.

Twenty-seven FOs felt that the question was not applicable, if a yes answer was provided for Question 2(a).

Questions (2)(c) - How does SSA compensate for any risks taken when making initial SSI awards? Please explain in detail.

Thirty-seven FOs included explanations of SSA compensation for risks taken on initial claims. Examples are as follows:

- Through various interfaces, redeterminations, and integrity reviews.
- More verification, post-adjudicative computer matches, and redeterminations.
- Other Agency component reviews, random reviews, and quality reviews done after the fact.
- Post-entitlement interfaces will alert us to needed development.
- If we are aware of any wages from the applicant or nonrelative, we estimate the wages to prevent overpayments.
- Thorough interviewing is probably the best weapon SSA has to compensate for risks and this is not a precise or concrete science. Computer matches with the Internal Revenue Service (IRS), VA, State Unemployment Compensation, and saving bond files also help to identify unstated income or changes in income.
- Carefully question applicants about income and resources and LA. Try to pick up on inconsistencies in their statements. Use experience to tell when something does not sound right.

One FO did not understand the question and the remaining 12 FOs answered not applicable or did not respond to this question.

Question (3) - Do any of SSA data bases help determine an applicant's LA or whether ISM should be considered? Please explain.

Eighteen FOs stated no as to whether SSA data bases help to determine an applicant's LA or whether ISM should be considered.

One FO stated no and explained that LA and ISM begin and are dependent upon allegations.

Thirty-one FOs felt that SSA data bases do help to determine applicants LA/ISM to some extent. Examples of their responses are as follows:

- The SSR is used to verify a public assistance household.

- Old SSR or MSSICS records can reflect previous LA.
- The MBR, if applicable, would tell us what income is available to contribute to the household expenses.
- SEQY determines work, thus possible ISM.
- MSSICS brings up issues that must be verified in order to determine LA. It is designed to set up an issue on the MSSICS detail worksheet screen (DWO1) for LA questions such as separate household and rental liability. If the applicant is a LA "B", the system automatically does it.

Category 3 - Use Of On-Line Access To A State or Other Agency for Processing Initial SSI Applications

Question (1)(a) - Does your office have on-line access to a State or other agency?

Twenty-four FOs stated they have on-line access to a State or other agency while the remaining 26 FOs do not.

Question (1)(b) - If yes, list the on-line access that has been provided to your office by a State or other agency:

Examples of information access provided by States or other agencies were as follows: motor vehicles, workers compensation, birth, death, wage, unemployment.

Question (2)(a) - Do you use on-line access to a State or other agency to verify nonmedical eligibility factors for initial claims?

Twenty-one FOs with access to a State or other agency's system stated that the systems are used to verify nonmedical factors. The remaining three FOs stated that the provided systems are not used to verify nonmedical factors.

Question (2)(b)- If yes, provide the name of the data base(s) and explain how the information from the data base(s) helps to verify nonmedical eligibility factors for initial claims.

Examples provided were as follows:

- State wage data base (identifies employers and earnings)
- State Department of Motor Vehicles (verifies motor vehicle ownership and value)
- Child Support (verifies amounts received)
- TANF verifies payment amount
- The Department of Corrections (verifies prisoner status).

Question (3)(a) - Does the on-line data base(s) listed in Number 2 (b) above provide current information on the application?

Fifteen FOs stated that on-line data bases listed above provide current information. Five FOs thought that the information was somewhat current. One FO stated the information was not current. No response was received from the remaining three FOs.

Question (3)(b) - If yes, explain how the current information is useful when processing initial applications.

Generally, responses were as follows:

- Helps to verify applicant's allegations.
- Helps obtain proof of age, verify citizenship, wages, unemployment and TANF.
- Timely verification.
- Helps us to identify employer. Information is more recent than that provided by SSA records.

Question (4) - Do you find that data bases outside of SSA data bases provide more timely information, and as a result, there are less initial award errors? Please explain.

Sixteen FOs stated that data bases outside of SSA provided more timely information resulting in less initial award errors. Examples of statements provided are as follows:

- Information on our State data bases is more up-to-date and very reliable.
- The wage query from the State gives more current and more useful information than does the DEQY or SEQY. This helps reduce the likelihood of error.
- Ability to obtain verification very quickly is biggest asset. Also, the ability to review while the applicant is present helps in preventing discrepancies and misunderstandings after the claim is processed.

Four FOs responded no to the question and one FO response was unknown.

Question (5) - Can any of the data bases listed in Number 2(b) above help to determine an applicant's LA code and whether ISM should be considered? Please explain.

Nine FOs answered this question "yes" and 13 FOs answered this question "no". The "no" responses were referring to the TANF system. The TANF query can help determine an all assistance household, resulting in placement of the applicant in LA "A".

Question (6)(a)- How many CRs in your office have access to the on-line data base(s) listed in Number 2(b) above?

Twenty-two FOs stated that either all or some of their CRs have access to the systems indicated in question 2(b). Sixteen FOs stated that all of their CRs have access.

Question (6)(b) - How many do not have access?

Six FOs stated that some CRs do not have access to the systems referred to in question 2(b).

Question (6)(c) - For those CRs that do have this capability, how often is it used for processing initial applications? Provide answer as a percentage of the number of SSI applications processed.

- From 90 to 100 percent. Seven FOs with access to State systems including TANF, wage, unemployment, birth records, motor vehicle information.
- From 60 to 75 percent. Three FOs with access to State systems providing wage, unemployment, TANF, birth records, worker's compensation information.
- From 30 to 50 percent. Three FOs with access to State systems providing wage, TANF, unemployment, child support, prisons, motor vehicle and court records.
- From 1 to 10 percent. Five FOs with systems providing verification of alien status and car ownership information.

Question (7) - List the data bases that you presently do not have on-line access to that would be useful in making initial award decisions.

Unemployment, child support, workers compensation wage match, TANF, IRS, Bureau of Vital Statistics, death records, VA, food stamps, military services, and a central data base as opposed to separate State systems.

Category 4 - Use Of MSSICS For Processing Initial SSI Applications

Question (1) - What percentage of the time do you process initial SSI applications using MSSICS?

Forty-seven FOs stated that MSSICS is used for processing initial SSI applications from 90 to 100 percent of the time. Two FOs stated that MSSICS is used from 80 to 85 percent of the time. One FO did not respond to the question.

Explain under what circumstances MSSICS is not used to process initial SSI applications.

Forty-two FOs stated that MSSICS is not used to process initial SSI applications when there is a systems limitation or exclusion. Examples of limitations and/or exclusions of MSSICS are as follows:

- The MSSICS system is down.
- Couples' cases that are systems exclusions (e.g., applicant wants to file and spouse is already receiving benefits).
- Infants that do not have SSNs.

Six FOs did not provide an explanation.

Question 2(a) - Does MSSICS adequately cover all the questions that are needed to make a determination about an applicant's LA?

Forty-four FOs answered yes to this question while six FOs answered no to this question.

Question (2)(b) - If not, explain the limitations and identify questions needed in MSSICS to compensate for the limitations.

Forty-two FOs answered not applicable to this question. Examples of responses received from the remaining eight FOs were as follows:

- We have problems with children living with parents and adult nonrelatives; also with loans of ISM with adult nonrelatives in the household.
- Sometimes you need to rephrase or probe for more information based on the answers given.
- CRs do not depend on the MSSICS screens as the sole basis for their determinations of LA and ISM. They normally question applicants in depth prior to completing the screens to determine LA. The screens are used more to document LA determinations than to actually making determinations.
- Transient development questions are not specific enough to guide you through and enable you to make a correct decision. Specific questions regarding transient LA and possible ISM need to be added to the MSSICS as follows:

Type of Residence	Who Provides Meals?
On the Streets	Soup Kitchens
Public Shelter	Friends/Relatives
Friends/Relatives House	Shelters
Homeless Shelters	Other – Explain
Battered Women's Shelters	
Other – Explain	

- The questions on the MSSICS screen are not specific enough for CRs inexperienced in LA/ISM development. One CR said questions should be longer, and in more depth. Another CR wants the first question to be: Do you live alone? The screens that follow would be based on whether the applicant answered yes or no. However, we have enough MSSICS screens and it is understandable that questions must be compressed to keep the system manageable.
- One reason why MSSICS may not cover all of the questions is because with SSI you are subjected to many situations. However, MSSICS does get you into the ballpark. The MSSICS questions direct you to the other questions that need to be asked to get a clear picture of the living situation.
- The questions that lead up to the LA are not specific enough to guide through a determination.
- There are a number of specific questions that the CR must ask to compensate for MSSICS limitations, which includes the following:

If the applicant alleges he rents a room in a private home, we not only have to ask the following question: Are you related to the landlord? We have to ask and verify the following: Do you make any of the household decisions? Do you pay a set amount each month for rent? Does this include food and utilities? Does the amount you pay increase if the landlord's expenses go up? Do you consider yourself a separate household?

If the applicant alleges he is a transient, we have to ask the following questions: Where do you eat? How do you cook your food? Do you ever stay at anyone's home or in a facility?

Question (2)(c) - How does a FO ensure that all LA questions are being asked to every SSI applicant? Please explain.

Thirty-nine FOs responded to this question. Examples of responses are as follows:

Thirteen FOs stated they rely on MSSICS screens to ensure that all LA questions are answered. Some examples of why they rely on MSSICS are as follows:

- The MSSICS paths demand completion of each item to reach the path's conclusion and proceed with the next in order to process the claim.
- By keeping all possible claims in MSSICS, the majority of needed questions are automatically generated.
- MSSICS will flag omitted questions.

Nine FOs stated they rely on CRs to ensure that all LA questions are being asked to every SSI applicant. Some examples of why they rely on CRs are as follows:

- There is no way that any office could know what every person is doing on all claims, but we have to believe that employees are doing things correctly.
- CRs are trained in LA development. They depend on their knowledge and the POMS to make LA determinations, not solely on the MSSICS screens.
- The CR just asks the questions as they come up on the screen. There is no special actions taken by management to ensure all questions are covered.

Six FOs stated they conduct pre-interviews. Some of their comments were as follows:

- We use a pre-interview sheet that covers LA and/or ISM.
- We use the pre-interview sheet as a guide and the adjudicators perform a review on pay cases.
- We follow the structured interview format.
- Interview guides and interviewing experience can ensure that the proper questions are asked.

Five FOs stated they use training and reviews to ensure that all LA questions are being asked to every applicant. Some of their comments were as follows:

- We frequently have training and use reminders (i.e., LA/ISM and MSSICS use).
- Consistency in the process is reinforced by training and case reviews.
- Review is essential.

Four FOs believed it is not possible to ensure that all LA questions are being asked to every SSI applicant. Examples of their comments are as follows:

- Not possible.

- A LA determination sheet needs to be printed out with the application, which contains the appropriate questions and answers that both the CR and applicant have to sign.

One FO stated that signed documentation by the applicant or involved individual is needed. Another FO stated that there should be interview audits and different people should perform the first redetermination.

Eleven FOs did not respond to Question 2(c).

Question 3(a) - Does MSSICS adequately cover all the questions that are needed to make a determination about an applicant's ISM?

Thirty-nine FOs answered yes to the above question while eight FOs answered no. Two FOs answered the question with the following statements: For the most part and probably. One FO did not answer the question.

Question (3)(b) - If not, explain the limitations and identify questions needed in MSSICS to compensate for the limitations.

Thirty-eight FOs answered not applicable to this question. One FO did not respond to the question. Eleven FOs responded to the question as follows:

- There are a number of specific questions the CR must ask to compensate for MSSICS limitations. For example, if the applicant is away at school, the following questions should be asked: (a) Does he or she go home on the weekends? (b) Does the school pay for his food and shelter expenses? (c) Does someone else pay for the expenses? (d) If he received a grant is it all for books and tuition or is some for the shelter expenses?
- Questions on ISM should be mandatory fill in on the MSSICS screen. Presently it is an optional field that you must request.
- MSSICS asks if anyone helps with expenses, this does not elicit enough information to cover possible ISM situations.
- Having a question in a different order would make it more effective. Presently, you have to ask about the amount of contributions before you determine the amount of expenses. Move the MSSICS questions pertaining to the amount of contributions to follow the amount of household expenses.
- CRs do not depend on the MSSICS screens as the sole basis for their determination of LA and ISM. They normally question applicants in depth prior to completing the screens.

- There are parts of the ISM questions that are confusing. I believe that the full PMV option is used more frequently than it should, because the CR assumes that the full PMV is chargeable without further development. Perhaps a change in the order of the ISM questions would be helpful, making it necessary for the CR to ask about the value of the household expenses, finding out the pro-rata share, and then determining if the PMV is chargeable.
- MSSICS questions need to be specific enough to lead to a determination. For example: Is an adult applicant living in a household with only minor children who have (received) income?

Question (3)(c) - How does a FO ensure that all ISM questions are being asked to every SSI applicant? Please explain.

Forty-two FOs provided explanations of how they ensure that all ISM questions are being asked to every SSI applicant. However, 33 FOs referred back to statements provided for Question 2(c). The remaining nine FOs provided the following explanations:

- MSSICS will not let one not answer questions.
- By questioning person in detail.
- Ask the correct questions.
- Experienced CRs know what development is needed and what questions are needed. Since a claim that is started by one CR is often finished by another (e.g., PERC) feedback is given to ensure everyone is doing a thorough job.
- We have redetermination units.
- The questions asked generally cover the ISM issues. CR experience usually uncovers situations which are suspect. In such cases, CRs probe a little deeper or repeat questions a different way, which often exposes possible ISM problems.
- It is part of the MSSICS questions on the application.
- No policy exists in the office to ensure all ISM questions are being asked.
- Initial claims and redeterminations are done by different CRs.

Eight FOs did not respond to the above question.

Category 5 – Your Opinions/Recommendations

Question (1) - What weaknesses or problems exist for developing an applicant's LA and/or ISM when processing initial SSI applications to an award for benefits? Please Explain.

- (a) Complexity of the LA/ISM process.
- (b) Applicants not truthful.
- (c) Simplify LA/ISM.
- (d) Training for CRs.
- (e) MSSICS screens.
- (f) Separate purchase and preparation of food.
- (g) No issues or minor suggestions.

Question (2) - How would you correct any weaknesses or problems when developing an applicant's LA and/or ISM for initial eligibility?

(a) Complexity of the LA/ISM Process

Eighteen FOs believed the development of LA/ISM is complicated. Examples of how LA/ISM procedures are considered complicated are as follows:

- Every claim situation is different and it is hard to find answers in the POMS.
- LA/ISM development is flawed in that it is very subjective. The wording a CR uses in asking a question can result in different answers, which can result in different decisions. The rules are complicated and difficult for CRs to agree on, let alone for a applicant with limited education and/or faculties to understand.
- As long as the eligibility factors (not just LA/ISM) remain complex, there are going to be inaccuracies in processing claims.

(b) Applicants not Truthful

Eight FOs feel that SSI applicants are not truthful. Examples of why the respondents believe applicants are untruthful are as follows:

- Weaknesses do not exist in the system, but rather in responses that applicants provide in regard to questions that are asked.
- Applicants sometimes provide scant information and later recant their stories when caught at a later date, or they forget the information that they provided in the last interview. They fear a reduction of their SSI check or completely losing the check.
- The LA/ISM process is weak because most allegations made about LA/ISM (such as household expenses, rental subsidy, separate purchase of food, sharing, etc.) are

verified using a corroborating statement from someone known to the applicant and who may have a motivation to be less than objective and truthful. There is no practical way to verify these issues.

(c) *Simplify LA and ISM*

Twenty FOs made the following recommendations for simplifying the LA and ISM process:

- Applicants LA continuously change. Whenever they move, their income or resources change. SSA should work with Congress to set rules for only one or two LA situations and payments.
- The whole concept of LA/ISM should be discarded and replaced with a flat benefit rate. Weaknesses in the current process are the high level of subjectivity involved and the potential manipulation of information.
- “Scrap” the concept of ISM entirely. Applicants should be either LA “A” or LA “B” with no ISM charged regardless of who pays rent.
- Simplify the LA decision process by eliminating LA “B” and allow everyone to use a payment equal to the PMV to eliminate any further development of ISM.
- Do away with the whole concept of LA. It is not fair because applicants know what answers to provide or they change their statements when they find out what will be to their benefit.
- The system is too complicated. What is needed is three LA codes defined as follows: LA “A” if they own or rent; LA “B” if they live with somebody else; and LA “D” if they are institutionalized.
- SSA should consider doing away with the concept of LA and ISM and pay all SSI recipients at a flat rate and stop wasting time with allegations that are impossible to prove.

(d) *Training for CRs*

Seven FOs believed the problem with SSI development of LA and ISM is due to inadequate training of CRs. Examples of why CRs are inadequately trained are as follows:

- An inexperienced CR who depends solely on questions on the MSSICS screens might not receive sufficient information for a correct determination of LA.
- CRs must be properly trained and willing to learn LA and ISM.

- A solid knowledge of LA and ISM is needed because following the MSSICS claims path will not work. Although MSSICS will guide you through various LA and ISM questions you will not obtain the correct determination if your first answer is wrong (e.g., Do you live in a house or apartment or a room in a private home?). If the answer is “yes” to a home or apartment you go to one path. If you answer “yes” to a private room, you go to a different path.
- If CRs follow guidelines and document properly, there should be very little problems. MSSICS provides excellent data correction screens and applicants’ statements can be added on the remarks screen. To correct any weaknesses, the use of an all-inclusive checklist or flowchart type of tool would be effective. This would enable proper questioning and documentation.
- CRs have little or no time for training or reading transmittals due to heavy workloads. The POMs sections are poorly written and you must refer to numerous sections to obtain answers. POMS only provide examples of the simplest cases that CRs don’t usually encounter. Why not give examples of some of the more difficult cases that are incurred daily in making LA and ISM decisions? Put more LA and ISM explanations on the MSSICS help screens.

(e) *MSSICS Screens*

Eight FOs included the following as problems and solutions to MSSICS:

- MSSICS screen is out of sequence because you have to ask applicants about amounts of contributions before you determine the amount of expenses. MSSICS questions concerning contributions should be moved in order to follow the amount of household expenses. CRs should be able to meet their expenses before determining contributions.
- A paper application and MSSICS while compatible are neither in the same order nor do they require the same information. To correct this issue, more proof should be required and paper applications should be updated to mirror MSSICS (especially for required questions not on paper) or expand MSSICS to allow 100 percent of all cases to be processed through the system.
- It was further stated that nursing homes should have a screen covering the Medicare provider in order to cover breaks in LA when applicants change hospitals and nursing homes.
- SSA Form 8006 (documentation of changes in LA and ISM during redetermination) should be incorporated into the MSSICS screens to make ISM determinations more uniform.

(f) Separate Purchase and Preparation of Food

Three FOs in New York State identified problems with separate purchase and preparation of food. These FOs believed the provision for separate purchase of food is widely abused, especially in the State of New York. Separate purchase of food is believed to be a problem because it is impossible to verify. A solution would be for SSA to eliminate the provision for separate purchase of food and regard it as a food stamp issue. Essentially, if SSA cut down on the number of variables, there would be fewer errors.

(g) No Issues or Minor Suggestions

Seven FOs were not very responsive to Question 2:

One FO did not see any particular weaknesses with developing LA and ISM, and others did not respond or no weaknesses with the process came to mind. One FO felt it would be helpful for the Statement of Household Expenses and Contributions (SSA-8011-F3) to be automatically printed from the MSSICS screens. Finally, one FO stated many LA changes for recipients are manually computed because MSSICS won't accept changes without start dates. The FO suggested SSA program the system to compute more LA changes through MSSICS.

Appendix D

Agency Comments



SOCIAL SECURITY

MEMORANDUM

August 9, 2001

Refer To: SJ1-3

To: James G. Huse, Jr.
Inspector General

Larry G. Massanari
Acting Commissioner of Social Security

Subject: Office of the Inspector General (OIG) Draft Report, "Establishing Living Arrangements and Value of In-kind Support and Maintenance for Supplemental Security Income Recipients" (A-05-99-21002)—INFORMATION

Our comments to the subject report are attached. Staff questions may be directed to Odessa J. Woods at extension 50378.

Attachment:
SSA Response

**COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON THE
OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "ESTABLISHING
LIVING ARRANGEMENTS AND VALUE OF IN-KIND SUPPORT AND
MAINTENANCE FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS" (A-05-
99-21002)**

Thank you for the opportunity to review the subject draft report. We offer the following comments.

Recommendation 1

Enhance Modernized Supplemental Security Income Claims System (MSSICS) to assist claims representatives (CR) in determining applicants' living arrangements (LA) status and in-kind support and maintenance (ISM) value.

SSA Comment

SSA has a strong commitment to improving its automated systems. We already have in place the SSI 5-Year Plan, which is an effective process for developing enhancements, evaluating their costs and benefits and implementing them. Because MSSICS already processes LA/ISM correctly, and OIG has not recommended any specific MSSICS enhancements, we are not proposing any corrective actions as a result of this audit.

MSSICS is a system that supports the SSI processes, including the process for capturing information about LA and ISM, by:

- Collecting information in a sequential structured manner;
- Checking collected information for validity and consistency; and
- Calculating some aspects of eligibility and payment.

For the LA and ISM, MSSICS automates the required sequential development for each living arrangement period. The CR records basic information about the claimant's living situation. Based on the recorded information, the system determines the next applicable step in the sequential development process and presents tailored data collection screens. The information entered on each screen determines the subsequent screens and questions that are presented.

During the data collection process, the system checks the entered information for validity and consistency. For each applicable question, the system edits to assure that valid information is entered; e.g., that a money amount is entered for a mortgage payment amount and not letters. The system then checks the answers to the various completed questions to assure that the information is consistent.

Once information has been recorded in the system, the system performs the necessary calculations; e.g., what is the claimant's *pro rata* share of the household expenses. The system uses the recorded and calculated information to derive the LA and ISM for each living

arrangements period and derives items associated with changes in living arrangements periods; e.g., breakpoints.

Recommendation 2

Continue to develop FO access to State and other agencies' databases.

SSA Comment

We agree with the intent of this recommendation. SSA continues to gain access to other agencies' databases and to develop data matches with Federal and State agencies. Currently, SSA has real time access to selected records in 68 agencies in 40 States. Because the OIG report does not include a specific corrective action, we will continue to work on the wide range of data access projects already underway or planned.

The Agency is currently working to gain access to State electronic birth and death records. In addition, SSA has established data matches with other Federal agencies including the Internal Revenue Service, the Department of Labor, the Centers for Medicare and Medicaid Services, and the Office of Child Support Enforcement. In addition, a pilot program for a nation-wide vital statistics service will begin by the end of calendar year 2001. It should be noted that it is necessary for SSA to balance our need for data with concerns about the cost effectiveness of obtaining this data.

We should also note that access to other agencies' databases will not provide all of the information needed to verify LA and ISM allegations. For example, there are no databases that can provide us information about living expenses, roommates, or rental liability for specific households. This is illustrated by the three fraud cases cited in OIG's report (which were not part of the 30-case study done for this report). The overpayments in these three cases were not caused by SSA's failure to verify the marriages or divorces of the individuals involved. Rather, these overpayments resulted from false allegations made by the individuals about where their spouses lived. There is no database that we can access that would consistently detect false allegations of this type.

Recommendation 3

Develop CR training tailored for the specific needs of local offices.

SSA Comment

We agree with the intent of this recommendation. The OIG report does not identify any specific corrective actions or training gaps. However, SSA will continue to look for ways to focus on training that is tailored to the needs of local offices.

Field offices (FO) are encouraged to tailor training packages to fit local needs and to conduct refresher training as needed. National title XVI CR training packages cover LA and ISM development applicable to all FOs. Local FOs are in the best position to determine how to tailor

the training to address local needs. Upon completion of formal CR training, the trainee is then mentored and further trained by the local FO. This one-on-one training introduces the trainee to the SSA-8045 files in the FO that document LA and ISM precedents for the service area and familiarizes the trainee with situations likely to be encountered locally. FO managers provide refresher training, as needed, to address any local needs.

Other Comments

Page 2 – Congressional Testimony

The OIG report cites a former CR's testimony to Congress about the potential for fraud and abuse in the SSI program when SSA relies on the allegations of the applicants. The former CR pointed out that married couples have an incentive to conceal their marital status in order to become eligible for SSI or increase the amount of SSI benefits payable. We suggest that OIG's report include a footnote that references the "holding out" provision in the law. The provision addresses the situation of two people of the opposite sex living together and alleging they are not married in order to get higher payments. Based on the "holding out" provision, two unmarried people who live together and hold themselves out to the community as husband and wife are deemed to be married for purposes of SSI.

Appendix C- Questionnaire Results –Page 23

The findings from the 30 sample cases cannot be correlated to any MSSICS inadequacy. However the questionnaire does include some MSSICS reactions from 50 field respondents. In the majority (39) of those responses, MSSICS questions were considered adequate and covered *all* questions needed to make a correct determination. Eleven reported that MSSICS does not adequately cover all questions needed to make a correct in-kind support and maintenance determination; and eight reported that MSSICS questions were lacking to make a correct determination regarding living arrangements. The report does not attempt to resolve the variances between the respondents. We looked at the problems and solutions section of Appendix C, which contains the questionnaire results.

Following are responses to problems on MSSICS screens excerpted from the OIG report.

Problem 1

Screens are out of sequence because you have to ask applicants about the contributions before the expenses. MSSICS questions concerning contributions should be moved in order to follow the amount of household expenses.

SSA Response

The MSSICS screens are in their current order to support the sequential development process. Policy dictates that you determine the expenses and then ascertain the claimant's contribution. Then you determine if the claimant pays the *pro rata* share of the expenses.

Policy has determined that when the expenses are collected first, the claims representatives are more likely to calculate the *pro rata* share and then determine that the claimant is contributing exactly that amount to the household expenses. MSSICS collects the expense information first to prevent a contrived determination.

Problem 2

MSSICS and the paper application are not in the same order nor do they require the same information. Paper applications should be updated to mirror MSSICS (especially for required questions not on paper) or expand MSSICS to allow 100 percent of all cases to be processed through the system.

SSA Response

The single enhancement opportunity here is to allow MSSICS to process 100 percent of SSI cases. While we continue to look for opportunities to eliminate remaining exclusions to MSSICS processing, it is likely that there will always be some complicated case processing situations excluded from MSSICS processing.

One of the existing benefits of automating the vast majority of cases in MSSICS is that it frees time for the more involved processing of the most complex cases that are excluded from MSSICS.

Problem 3

Nursing homes should have a screen covering the Medicare provider in order to cover breaks in living arrangements when applicants change hospitals and nursing homes.

SSA Response

Breaks in living arrangements are already documented on Institution Residence Data (LINS).

Problem 4

SSA Form 8006 (documentation of changes in living arrangements and in-kind support and maintenance during redetermination) should be incorporated into the MSSICS screens to make in-kind support and maintenance determinations more uniform.

SSA Response

All of the information on this form is already collected in MSSICS.

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

William Fernandez, Director, Program Benefits Audit Division, (510) 970-1739

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Acknowledgments

In addition to those named above:

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For additional copies of this report, please contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-05-99-21002.