

**Report on Supplemental Security Income
Non-medical Redeterminations**



Fiscal Year 2014

**REPORT ON SUPPLEMENTAL SECURITY INCOME
NON-MEDICAL REDETERMINATIONS
FISCAL YEAR 2014**

Overview

In fiscal year (FY) 2014, we processed over 2.6 million Supplemental Security Income (SSI) non-medical redeterminations¹ at a cost of \$657 million² in administrative expenses. We estimate that approximately 51 percent of these completed redeterminations resulted in a retrospective or prospective change in monthly SSI payments, with reductions in such payments classified as overpayments and increases in payments classified as underpayments. About 18 percent of the cases reviewed had only overpayments, 17 percent had only underpayments, and 16 percent had both. We estimate the present value of the net lifetime Federal SSI and Medicaid savings due to this activity to be \$2.373 billion.

Statutory Requirement

In the *Consolidated Appropriations Act, 2014*,³ Congress specifically allocated additional administrative resources to conduct continuing disability reviews under Titles II and XVI of the Social Security Act and redeterminations of eligibility under Title XVI of the Social Security Act. The law also requires that we provide Congress with a report on the obligation and expenditure of these additional amounts, and this report satisfies that requirement with respect to SSI redeterminations processed in FY 2014.

The Supplemental Security Income Redetermination Process

We administer the SSI program, an assistance program that provides monthly cash payments to aged, blind, or disabled individuals with limited income and resources. On average, approximately 8.4 million people received Federally-administered SSI payments per month in FY 2014.

The Social Security Act requires us to periodically redetermine beneficiaries' eligibility for SSI.⁴ During a redetermination, we review the non-medical factors of eligibility, including income, resources, and living arrangements. Based on this review, we determine whether the beneficiary is still eligible for SSI and receiving the correct payment amount.

To conduct the most productive and cost-effective reviews each year, we focus our resources on those beneficiaries who are most likely to have had a change in circumstances affecting their monthly payment amount. We use a statistical model to assign a score to each beneficiary's case based on the likelihood that he or she is being overpaid considering factors such as income, resources, and living arrangements. We then select the highest-scoring cases for review. We also use reviews that focus on a specific issue when a match between our records and those of another Federal agency indicates potentially undisclosed income, resources, or living arrangements. In addition to the scheduled redeterminations described above, we also conduct unscheduled redeterminations as needed when an

¹ Throughout this report, the term "redeterminations" will be used to refer exclusively to SSI non-medical redeterminations and limited issues. Therefore, this report will not include any aspects concerning medical redeterminations, such as those done for SSI child recipients attaining age 18.

² Total costs of conducting SSI redeterminations in FY 2014 as reported by the Social Security Administration cost allocation system, reduced for the estimated cost of the special *Clark* settlement redeterminations.

³ Public Law 113-76, enacted January 17, 2014.

⁴ See 42 United States Code, section 1382(c)(1), "Eligibility for and the amount of [Title XVI] benefits shall be redetermined at such time or times as may be provided by the Commissioner of Social Security."

SSI beneficiary reports a change that could potentially affect eligibility for the program or monthly payment amounts.

Results for Fiscal Year 2014

We examined the eligibility or payment amount of nearly one-third of beneficiaries who received Federally-administered SSI payments as part of the FY 2014 redetermination workload. Table 1 presents the number of those SSI redeterminations processed in FY 2014 and a summary of our findings. When we redetermine a case, we examine monthly eligibility and payment amounts for the current month as well as for prior months, generally extending back to the last month we previously performed such a detailed examination. Because the correct SSI eligibility and payment amount depends on the beneficiary’s income, resources, living arrangements, and other factors—all of which can vary from month-to-month—there is the potential for overpayments, underpayments, or both.

Table 1—SSI redeterminations processed in FY 2014			
	<u>Type of Redetermination</u>		<u>Total</u>
	<u>Scheduled</u>	<u>Unscheduled</u>	
Redeterminations completed in 2014:			
Number of redeterminations.....	2,142,015	485,486	2,627,501
Expressed as a percentage of the average number of SSI beneficiaries with Federally-administered payments per month during FY 2014.....	26%	6%	31%
Estimated percentage of total redeterminations with:			
Overpayments or underpayments (or both)	46%	69%	51%
Overpayments only	19	13	18
Underpayments only	13	33	17
Both overpayments and underpayments	14	22	16
No overpayments or underpayments.....	54	31	49
Total.....	100	100	100
Overpayments (with or without underpayments)....	33	35	34
Underpayments (with or without overpayments)....	27	56	32
Notes:			
1. In addition to the 2,627,501 redeterminations tabulated here, which were completed as part of the normal program integrity process, we conducted an additional 10,656 special redeterminations during FY 2014 resulting from the nationwide class action settlement agreement in the case of <i>Clark v. Astrue</i> . The estimates shown in this report refer only to the normal program integrity redeterminations and therefore do not include the effects on Federal SSI payments and the Federal share of Medicaid payments of <i>Clark</i> settlement processing.			
2. Totals may not equal the sum of their components due to rounding.			

Based on an internal study of completed program integrity redeterminations for FY 2014, we estimated the resulting year-by-year net reductions in Federal SSI payments. We present these estimates in the “SSI net change” column of table 2, along with estimates of the corresponding net reductions in the Federal share of Medicaid payments prepared by the Office of the Actuary in the Centers for Medicare & Medicaid Services.

Table 2—Estimated change in the Federal share of SSI and Medicaid benefits resulting from SSI redeterminations processed in FY 2014
(In millions)

Fiscal Year	SSI			Medicaid	Total, SSI and Medicaid
	Over-payments	Under-payments	SSI Net Change		
Scheduled redeterminations:					
2014	-\$665	\$633	-\$31	-\$19	-\$51
2015	-1,493	52	-1,441	-38	-1,480
2016	-476	—	-476	-29	-504
2017	-108	—	-108	-23	-131
2018	-57	—	-57	-9	-67
2019	-31	—	-31	—	-31
2020	-28	—	-28	—	-28
2021	-22	—	-22	—	-22
2022	-19	—	-19	—	-19
2023	-12	—	-12	—	-12
Total, 2014-2023	-2,912	685	-2,227	-118	-2,345
Unscheduled redeterminations:					
2014	-153	581	428	-6	422
2015	-348	46	-301	-11	-312
2016	-127	—	-127	-8	-135
2017	-29	—	-29	-6	-35
2018	-16	—	-16	-3	-19
2019	-10	—	-10	—	-10
2020	-9	—	-9	—	-9
2021	-7	—	-7	—	-7
2022	-6	—	-6	—	-6
2023	-4	—	-4	—	-4
Total, 2014-2023	-707	627	-80	-33	-114
Total for scheduled and unscheduled redeterminations:					
2014	-818	1,214	396	-25	372
2015	-1,841	98	-1,743	-49	-1,792
2016	-603	—	-603	-36	-639
2017	-137	—	-137	-29	-166
2018	-73	—	-73	-12	-85
2019	-41	—	-41	—	-41
2020	-37	—	-37	—	-37
2021	-29	—	-29	—	-29
2022	-25	—	-25	—	-25
2023	-16	—	-16	—	-16
Total, 2014-2023	-3,619	1,312	-2308	-151	-2,459
Present value of estimated net lifetime Federal benefit changes, as of the end of FY 2014:					
Scheduled redeterminations.....	-2,860	692	-2,169	-112	-2,281
Unscheduled redeterminations.....	-693	633	-60	-32	-92
Total.....	-3,553	1,325	-2,228	-144	-2,373

Notes:

1. Estimates shown above are consistent with assumptions underlying projections in the 2017 Annual Report of the Supplemental Security Income Program (available at www.ssa.gov/oact/ssir/SSI17/index.html).
2. The Office of the Actuary in the Centers for Medicare & Medicaid Services provided the estimates shown in the above table for savings in the Medicaid program.
3. Estimates reflect the effects of certain redeterminations which are initiated but not subsequently completed.
4. Federal SSI payments due on October 1st in FYs 2017, 2018 and 2023 are included with payments for the prior year.
5. Totals may not equal the sum of their components due to rounding.

Our FY 2014 internal study provided an estimate of the aggregate reduction in Federally-administered SSI payments attributable to redeterminations conducted in FY 2014. The year-by-year Federal SSI payment reductions shown in table 2 are consistent with the results of the internal study, but adjusted to: (1) remove the savings attributable to federally administered State supplementary payments; and (2) distribute the savings by fiscal year.⁵ In addition to the estimated year-by-year cash-flow savings from these SSI redeterminations, table 2 also provides the resulting estimated present value of net reductions in lifetime Federal benefits as of September 30, 2014.

Table 3 presents two alternative measures of the beneficial effects of the SSI redetermination process for FY 2014. One measure concerns minimizing total Federal outlays; for this measure, the dollar *benefit* of the redetermination process would be the net reduction in overall Federal payments as shown in table 2. An alternative measure concerns the *benefit* of the redetermination process in making the correct Federal payment in all cases. For this second measure, the dollar *benefit* of the redetermination process would count \$1 of corrected underpayment the same as \$1 of corrected overpayment. In table 3, we present both of these *benefit* measures and compute their ratios to the cost of conducting the redeterminations.

	Type of Redetermination		<u>Total</u>
	<u>Scheduled</u>	<u>Unscheduled</u>	
A. Administrative costs ^a	\$535	\$121	\$657
B. Estimated present value of:			
Overpayments identified and recovered or prevented ^b	2,973	725	3,697
Underpayments identified and corrected.....	692	633	1,325
Net reduction in Federal outlays.....	2,281	92	2,373
Total correction of Federal benefits paid.....	3,664	1,357	5,022
C. Estimated return on investment:			
Ratio of <i>benefit</i> achieved to cost of conducting redeterminations where the <i>benefit</i> is defined as:			
Net reduction in Federal outlays.....	4.3	0.8	3.6
Total correction of Federal benefits paid.....	6.8	11.2	7.6
^a Total costs of conducting SSI redeterminations in FY 2014 as reported by the Social Security Administration cost allocation system, reduced for the estimated cost of the special <i>Clark</i> settlement redeterminations.			
^b Includes the total estimated Medicaid benefit reductions, which are attributable to cases that result in suspension of SSI benefits payable in months after the redetermination.			
Notes:			
1. Estimates reflect the effects of certain redeterminations which are initiated but are not subsequently completed.			
2. Totals may not equal the sum of their components due to rounding.			

As indicated in table 3, the measured *benefit-to-cost* ratio for FY 2014 redeterminations varies by the type of redetermination (scheduled versus unscheduled) and by the nature of the beneficial effect being measured. The overall *benefit-to-cost* ratio on a net Federal outlay basis is 4.3 for scheduled redeterminations, 0.8 for unscheduled redeterminations, and 3.6 overall. Therefore, we estimate that the scheduled redeterminations reduced Federal program outlays on a net present value basis by about \$4.30

⁵ We based the year-by-year distribution of the net savings on results from the FY 2014 internal study, enhanced by our analysis tracking samples of redetermination cases from earlier years. Our limited review of these earlier cohorts suggests that estimates of the proportion of individuals losing SSI eligibility may be understated, which could have a significant impact on estimated Federal Medicaid savings.

on average per \$1 of administrative expenditures and that unscheduled redeterminations reduced net Federal program outlays by \$0.80 on average per \$1 of administrative expenditures. The greater cost-beneficial effect on an outlay basis for the scheduled cases is primarily attributable to scheduled reviews having a much smaller percentage of cases with underpayments (27 percent vs. 56 percent). Nevertheless, the overall redetermination process is still very cost-effective from a Federal outlay perspective, saving about \$3.60 on average per \$1 spent.

Redeterminations are even more cost beneficial when viewed under the alternative “corrected payment” perspective, because a corrected underpayment contributes just as much as a corrected overpayment. As shown in table 3, we estimate that the FY 2014 redeterminations have corrected about \$7.60 in benefit payments on average per \$1 spent to conduct the reviews.

Conclusion

As the FY 2014 results in table 3 illustrate, the non-medical redetermination process is an effective program integrity tool, delivering about \$3.60 in net lifetime Federal savings on average per \$1 invested. As good stewards of taxpayer funds, our obligation is to ensure that only eligible individuals receive benefits, in the right amount, and at the right time. We believe that our redeterminations are crucial in fulfilling this stewardship obligation. Congress has also recognized the value of these reviews, periodically providing additional, dedicated funding for non-medical redeterminations, as well as for continuing disability reviews.