SOCIAL SECURITY

The Commissioner

March 27, 2014

The Honorable Sam Johnson
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for the opportunity to elaborate further on our fraud-fighting efforts and for bringing attention to our work to root out fraud. Please find enclosed the timeline for implementing our anti-fraud initiatives that you requested during the hearing on February 26, 2014.

I hope you find the timeline helpful, and we look forward to working with Congress on this critical issue. We also are sending this information to Ranking Member Xavier Becerra.

If I may be of further assistance, please contact me, or your staff may contact Scott Frey, our Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030. Mr. Frey is available to meet with your staff if requested.

Sincerely,

Carolyn W. Colvin

Carolyn W. Colvin
Acting Commissioner

Enclosure

## Timeline for Implementation of Anti-fraud Initiatives in the Social Security Administration's 30-Day Report

| PAGE REF. | INITIATIVE AND OBJECTIVE | IMPLEMENTATION SCHEDULE AND RESPONSIBLE COMPONENT(S) |
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| pp. 6,11,15 | **Increase CDRs:** With the recent appropriations act, Congress provided us with funding to significantly increase the number of continuing disability reviews (CDR) that we are able to conduct. We estimate that the money spent on CDRs saves on average $9 per every dollar invested, including savings accrued to Medicare and Medicaid.<br><br>*Objective:* Increase the amount of program savings. While the CDR process is not specifically designed to detect fraud, increasing CDRs could possibly allow us to detect more potentially fraudulent or suspicious activities. | *Schedule:* By the end of fiscal year (FY) 2014, we will complete over one-half million full medical CDRs, a more than 20-percent increase over FY 2013. With full funding of the President's FY 2015 budget, we will be able to complete 888,000 full medical CDRs in FY 2015, more than double the amount completed in FY 2013.<br><br>*Responsible Component:* Office of Operations (Operations) |
| pp. 5,6,11 | **Expand CDI Units:** Working with our Office of the Inspector General (OIG), we plan to expand the number of Cooperative Disability Investigations (CDI) units. According to the OIG, CDI units have contributed to Social Security Administration (SSA) savings of more than $960 million over the last 3 fiscal years. As the report shows, we provide most of the funding for these units and, in collaboration with the OIG, we plan to expand the CDI program by seven additional units beginning in FY 2014. We anticipate these seven units will be fully operational in FY 2015, increasing the total number of units from 25 to 32 nationwide.<br><br>*Objective:* Enhance our ability to prevent and detect disability fraud. | *Schedule:* We expect that the first new unit to open will be the Baltimore CDI unit by the end of FY 2014, with the Detroit CDI unit to open in the first quarter of FY 2015.<br><br>The remaining units are expected to open in the third and fourth quarters of FY 2015. They will be located in Birmingham, AL; Charleston, WV; Providence, RI; St. Paul, MN; and Washington, DC. This is an aggressive timeline as, based on experience, it typically takes 12 to 18 months from approval to having fully operational units.<br><br>*Responsible Components:* Operations and OIG |

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| p. 5 | **Anti-Fraud Training:** We will expand anti-fraud training to all SSA employees during FY 2014, with specific focus on lessons learned from Puerto Rico and New York City. SSA and disability determination services (DDS) front-line employees remain our best line of defense against those seeking to exploit the system.<br><br>*Objective:* Enhance our ability to prevent and detect disability fraud. | *Schedule:* By the end of FY 2014, all SSA and DDS employees will complete anti-fraud training.<br><br>*Responsible Component:* Office of Human Resources |
| p. 12 | **Data Analytics:** We will develop analytical tools based on known cases of fraud and past allegations to determine common characteristics and patterns. We will apply these tools to help us uncover potential fraud or other suspicious behavior when we review initial applications or existing data on beneficiaries. We invited the OIG to participate in this initiative.<br><br>*Objective:* Increase our ability to identify questionable patterns of activity in disability claims and prevent fraudulent applications from being processed. | *Schedule:* In February 2014, we established the inter-component Disability Fraud Predictive Analytics Project Team. The project team will conduct a pilot to utilize data analytics to enhance the agency's ability to detect and prevent disability fraud.<br><br>We will conduct the pilot in two phases in FY 2014. The first phase will apply predictive analysis to our disability claims data to verify the ability of analytics and our big data platform to identify disability case fraud. The second phase will utilize analytic tools to identify suspicious patterns of activity in disability claims.<br><br>We will closely examine any identified potential fraudulent cases and if appropriate, we will refer them to the OIG for investigation.<br><br>*Responsible Components:* Office of Systems and Operations |

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| p. 12 | **Specialized Fraud Units:** We are establishing a specialized fraud unit comprised of disability examiners dedicated to reviewing and acting on potential fraud cases.<br><br>*Objectives:* Develop experts in working disability fraud cases. Compile data from the cases that will help us to develop further analytical tools to identify potential fraud | *Schedule:* There will be three disability anti-fraud units established in FY 2014. The New York Anti-Fraud Review Unit became operational in March 2014. The remaining two units, located in Kansas City, MO and San Francisco, CA will be in place before the end of FY 2014.<br><br>*Responsible Component:* Operations |
| p. 13 | **National Anti-Fraud Committee:** We are reinstituting the National Anti-Fraud Committee (NAFC), which will be co-chaired by the Inspector General and our Deputy Commissioner for the Office of Budget, Finance, Quality, and Management (OBFQM).<br><br>*Objective:* Lead and support national and regional strategies to combat fraud, waste, and abuse. Support includes providing an open forum for senior executives to collaborate on fraud challenges and opportunities at a strategic level. | *Schedule:* The NAFC co-chairs held a planning meeting with support staff on March 6, 2014, to discuss the new committee charter, membership, baseline initiatives, and means for communicating the agency's anti-fraud effort. NAFC intends to meet on at least a quarterly basis and held its first full meeting on March 24, 2014.<br><br>On March 7, 2014, the Acting Commissioner announced the availability of a dedicated mailbox for employees to make anti-fraud suggestions, which the NAFC will use to identify and sponsor new initiatives to help prevent and detect fraud.<br><br>*Responsible Components:* OBFQM and OIG |

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| p. 13 | **Submission of Evidence Regulation**: We propose to revise our regulations to require claimants to inform us about or submit all evidence known to them that relates to their disability claim—both favorable and unfavorable. We also propose to require a representative to help the claimant obtain the information or evidence that the claimant must submit, and we would extend the protections afforded by attorney-client privilege and attorney work product to non-attorney representatives as well.<br><br>*Objective:* Address concerns that some claimants may withhold medical evidence that could be unfavorable to their claims. | *Schedule:* Proposed rule published in the *Federal Register* on February 20, 2014. The public comment period closes April 21, 2014.<br><br>*Responsible Components:* Office of Retirement and Disability Policy (ORDP) and the Office of Legislation and Congressional Affairs |
| pp. 6,7 | **Fraud Prosecution Project:** The Department of Justice (DOJ) is the Federal agency responsible for prosecuting defendants who have violated Federal law. However, due in part to a lack of prosecutorial resources, DOJ declines many cases for prosecution. For more than a decade, our Office of the General Counsel (OGC) has worked with OIG to develop the SSA Fraud Prosecution Project. To support this project, OGC has provided attorneys who serve as Special Assistant United States Attorneys (fraud prosecutors) in many of the Federal districts where we have regional offices and at Headquarters. There are currently 12 attorneys assigned to this project.<br><br>*Objective:* Increase the number of prosecutions for crimes involving Social Security matters. | *Schedule:* By the end of FY 2014, we will have 12 additional agency attorneys assigned to this project, doubling the current number.<br><br>*Responsible Component:* OGC |

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| p. 14 | **Representative Payee Criminal Bar:** We seek only qualified individuals and organizations to serve as representative payees, and we take steps to ensure continued qualification and proper use of the benefits. We have completed a pilot of a policy change that we believe will help us identify payee applicants who have committed certain serious crimes and bar them from serving as payees. Felony convictions for any of 12 crimes will bar the individuals from serving as a representative payee.<br><br>*Objective:* Help identify representative payee applicants who have committed certain serious crimes and bar them from serving as representative payees. | *Schedule:* Based on the pilot's results, we implemented the criminal bar policy nationally on February 28, 2014.<br><br>*Responsible Component:* ORDP |
| p. 14 | **Symptom Evaluation** (Research Effort): We have asked the Administrative Conference of the United States (ACUS) to review the Social Security Act, current regulations, and our sub-regulatory policy regarding how decision-makers at all levels evaluate claimants' symptoms in disability claims. ACUS will also review a sample of related Federal case law, conduct additional research concerning symptom evaluation in other formats, review international perspectives, and gather stakeholder perspectives on our current standards for evaluating disability claimants' symptoms.<br><br>*Objective:* This initiative's primary objective is to increase the objectivity of our individualized evaluation process. However, we believe this study may help us prevent fraud. | *Schedule:* We anticipate having a report from ACUS in August 2014. The ACUS report will determine our next steps in this area and the timeline for implementation.<br><br>*Responsible Components:* ORDP and the Office of Disability Adjudication and Review |

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| p. 14 | **Psychological Testing** (Research Effort): We have asked the Institute of Medicine (IOM) to perform a comprehensive review of psychological testing, including symptom validity testing. IOM will examine the relevance of psychological testing to disability determinations in claims involving physical or mental disorders. IOM will also provide us guidance that we can use to help adjudicators interpret the results of psychological testing. | *Schedule:* We anticipate having a report from IOM in June 2015. The IOM report will determine our next steps in this area and the timeline for implementation. |
| | *Objective:* This initiative's primary objective is to increase the objectivity of our individualized evaluation process. However, we believe this study may help us prevent fraud. | *Responsible Component:* ORDP |