



United States
General Accounting Office
Washington, D.C. 20548

Health, Education and Human Services Division

B-253838

June 8, 1994

The Honorable William S. Cohen
United States Senate

Dear Senator Cohen:

In response to your July 1993 request, we have examined Social Security Administration (SSA) controls over disability payments made to drug addicts and alcoholics (addicts). These individuals may receive disability payments under SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs.

We found that annual disability payments of about \$1.4 billion are made to an estimated 250,000 addicts. We also found that controls over these benefit payments are extremely lax.

Under SSI, addicts who receive disability benefits because of their addiction are required by law to attend treatment (if available) and have a representative payee or third party manage their benefits. However, other addicts--who qualify for SSI disability benefits for other reasons independent of their addiction, such as heart disease--are not required to attend treatment or have a representative payee. Moreover, there are no requirements of any kind placed on addicts who receive benefits under the DI program. SSA, however, does require a payee, on a case-by-case basis, if the addict is found to be incapable of managing his or her benefits or is legally incompetent.

We found that only about 1 in 5 of approximately 70,000 SSI addicts--who were disabled based on their addiction--were receiving treatment for their addiction as required. Of the 250,000 addicts in both the SSI and DI programs, about 100,000 did not have a representative payee.

Since your request of last summer, disability payments to addicts have come under considerable scrutiny by the media as well as the Congress. For example, your investigative staff report¹ was one of the first that disclosed the breadth and seriousness of the inadequacies in the controls over payment to addicts.

In February 1994, we testified at a joint hearing held by the Social Security and Human Resources Subcommittees of the House Committee on Ways and means (testimony enclosed).² In this testimony, we made a number of recommendations to strengthen the controls over disability payments to addicts.

Since our testimony, SSA generally has indicated a willingness to take action on a number of our recommendations. For example, SSA agreed that organizational payees would generally make better payees than relatives or friends. Also, as you know, recently both the House and Senate have passed bills that include provisions to strengthen controls over SSA disability payments to addicts, and these different provisions will soon be deliberated in conference.

While we are generally optimistic that current SSA and ongoing legislative activity will result in a stronger program for disability payments to addicts, we remain concerned about the possibility of continuing to pay benefits directly to addicts. In our February 1994 testimony, we recommended that all 250,000 addicts should have a representative payee, not just those who might qualify for benefits on the basis of their addiction, such as is the case with the current statutory requirement for SSI. SSA disagreed with this particular recommendation and stated that it intends to continue its current policy of evaluating the need for payees on a case-by-case basis.

On the legislative front, the House bill extends the SSI payee requirement to DI beneficiaries who qualify for benefits on the basis of their addiction. While this

¹Investigative Staff Report of Senator William S. Cohen, Tax Dollars Aiding and Abetting Addiction: Social Security Disability and SSI Cash Benefits to Drug Addicts and Alcoholics (Feb. 7, 1994).

²Disability Benefits for Drug Addicts and Alcoholics Are Out of Control (GAO/T-HEHS-94-101, Feb. 10, 1994).

represents an expansion of the payee requirement, it does not cover all addicts. This bill does require, however, that the Secretary of Health and Human Services study the feasibility, cost, and equity of requiring payees for all addicts regardless of whether their addiction is material to the finding of disability.

The Senate bill requires representative payees for individuals "whose disability is based in whole or in part on a medical determination that the individual is a drug addict or alcoholic." While we understand that the intent of this language is to require payees for all 250,000 addicts, we believe that the intent can be clarified as follows:

"For DI and SSI claimants qualifying for disability benefits after September 30, 1994, a payee would be required for any individual on the basis of a primary or secondary diagnosis of addiction, or other evidence of addiction. For those individuals who are SSI or DI disability beneficiaries on September 30, 1994, a payee would be required for any individual who has a primary or secondary diagnosis of addiction, according to SSA computerized records."

The above language recognizes the existence of two separate addict populations--those that would be placed on the DI and SSI rolls in the future and those that are currently on the rolls.

We believe that the language addressing future beneficiaries would ensure that all future addicts would be identified. It maximizes the use of existing SSA program requirements and administrative systems, that is, the requirement that a primary and secondary diagnosis be coded and recorded for all individuals receiving disability benefits. The language also provides for the use of "other evidence of addiction" to cover those situations where a primary or secondary diagnosis would not identify an individual's addiction.

Identifying all addicts among the individuals currently on the DI and SSI rolls is much more complicated. While SSA's administrative systems generally capture primary and secondary diagnoses, there are a number of exceptions. For example, SSA acknowledges that the procedures for coding and recording diagnoses related to awards by Administrative Law Judges has not been

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carefully followed, resulting in many awards with no recording of their corresponding diagnoses. Also, according to SSA, prior to 1986, it did not capture secondary diagnoses for either the DI or SSI program.

While the use of SSA computer systems will not identify all addicts currently on the DI and SSI rolls, there is no practical alternative of which we are aware. SSA could possibly identify some number of additional addicts when it conducts medical continuing disability reviews, but relatively few of these reviews have been done in recent years because of workload and budget pressures.

Should you or your staff have any additional questions or issues you would like us to pursue, please call me on (202) 512-7215.

Sincerely yours,



Jane L. Ross
Associate Director, Income
Security Issues

Enclosure

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