

III. NEW OPPORTUNITIES FOR SSA

A. The Implementation of New Legislation - H.R. 1

The job ahead for SSA in implementing H.R. 1 is very large. The changes resulting from the enactment of H.R. 1 in the social security cash benefit and Medicare programs--even without considering the new supplemental security income program--will have a major impact upon operations. The added work is upon SSA almost immediately. January 1, 1973, is the effective date for a number of the new Medicare provisions and for such major cash benefit provisions as the increase in benefits to 3.8 million widows and widowers and the liberalized retirement test, which will make 1.7 million persons eligible for additional benefits. July 1, 1973, is the effective date for major Medicare changes such as the extension of Medicare coverage to 1.7 million social security disability beneficiaries.

The new law will require SSA to double the volume of social security account numbers issued in fiscal years 1973 and 1974 and to determine age, identity, and citizenship or alien status of the individuals enumerated.

On top of this, SSA has a job at least as complex and large-scale as the launching of Medicare in 1966--the launching of the new supplemental security income program for the aged, blind and disabled. On January 1, 1974, the Social Security Administration

must begin to make assistance payments to 3.3 million persons who at that time will be on State and local welfare rolls in more than 1100 jurisdictions and to an additional 3 million persons who will be made eligible under the new Federal provisions. To make the payments on time and in the right amounts, all recipients on the State and local welfare rolls must have their records reviewed and revised so as to assure compatibility with the new Federal process, and applications from potential new recipients will need to be processed by the SSA during 1973, with income and resource determinations made in each case.

The added work stemming from H.R. 1 is not just a one-time peak load; there is a large continuing job. For example, the new Medicare coverage of the disabled involves a job that will increase since the number of eligible disabled persons will increase from year to year. The stepped-up demand for social security numbers and the tightening up of procedures for firm identification of applicants will create substantial enumeration workloads for at least the next several years. Furthermore, based on current public assistance statistics we estimate a more-than-20-percent annual turnover of the aged on the supplemental security income rolls (about 1.3 million new applications per year). From the disabled and the blind, we expect over a million applicants a year under the SSI program (about half of whom will be found ineligible)--the equivalent of the annual disability insurance workload of the SSA today.

Social Security has direct contact today with a high proportion of all the families in the country. The added responsibilities resulting from enactment of H.R. 1 will extend these contacts even further--beyond those of any other program of the Federal Government. Thus, it is important to the reputation of Government that the various cash benefit and Medicare provisions of H.R. 1 and the implementation of the new supplemental security income program be carried out effectively. The new tasks that SSA has been assigned will be difficult to accomplish even with the additional money and manpower requested, but the challenge and the opportunity is commensurately great.

Administrative planning to implement H.R. 1 began long before the bill was enacted. While the bill was in the Congress, the legislative planning component was in constant touch with the components who do the administrative planning to assure that what was in the bill was administratively feasible and so that the administrative planners could get a head start on what needed to be done in the way of operational policy and instructions, systems and procedures, recruitment and training, establishment and expansion of facilities, design of forms, coordination with other agencies or organizations (the State welfare offices, for example), the development of public information materials, etc. At first these activities were rather elementary; they became more refined as the likelihood of legislation increased and the final form of the legislation became more definite.

The **first step** was to decide who was to do what. The **next step** was for each lead component to develop and submit a plan of action to a central coordinating unit: (1) breaking down each provision (or task) in terms of resources needed, workloads, other components or outside organizations involved, etc.; and (2) setting up a timetable for carrying out the provision or accomplishing the task.

The coordinating unit reviewed each plan of action, took steps to ensure that the plans meshed, that there were no gaps, etc. The plans of action, in the form of an Administrative Planning Binder, provide a basis for further coordinated development and implementation of planning activities. (For H.R. 1 we have two binders--one for the regular social security program and one for the supplemental security income program.) Progress reports were and are submitted on a fixed schedule and the binders updated. The binder is both a major communications device, since it lets all components know what the other components are doing, and a control, since it keeps everyone's efforts geared to an established timetable.

Here is where we are going on the more significant items:

1. Getting Resources

HEW and SSA officials have presented a budget plan to OMB. At the request of OMB the SSA reviewed the initial plan with the purpose of reducing near-term manpower requests. A revised plan cuts down and defers elements of training; calls for greater use of the telephone, volunteers, and self-help systems; to a greater extent, uses the mail in claims handling; defers for 1 year a part of the overall quality-appraisal system; and reschedules recruitment for the SSI program to phase it in more gradually over fiscal years 1973 and 1974.

The original and revised budget and staffing plans are as follows:

Supplemental Security Income Program

| | <u>FY 1973</u> | | <u>FY 1974</u> | |
|---------------------------------------|-------------------|---------------------|-------------------|---------------------|
| | <u>Prior Plan</u> | <u>Revised Plan</u> | <u>Prior Plan</u> | <u>Revised Plan</u> |
| Permanent Positions | 15,000 | 9,000 | 18,000 | 15,000 |
| Administrative Costs (in millions) | \$108.9 | \$76.2 | \$386.8 | \$319.9 |

| | <u>Social Security Program Amendments</u> | | | |
|---|---|--------|---------|---------|
| Permanent Positions | 4,300 | 4,300 | 3,016 | 3,016 |
| Administrative Costs (in millions) | \$75.6 | \$68.7 | \$170.7 | \$175.5 |

In the review of the social security program amendments, several offsetting increases and decreases were identified which resulted in little change.

The revised employment plan for the SSI program for fiscal year 1973 (9,000 positions) has been approved by OMB and OMB has also approved a permanent position figure for the social security program amendments of 3,000. The total figure approved for 1974 is 15,000.

2. Staffing

We are proceeding rapidly to locate additional staff. Most of our recruitment needed in the immediate future is for clerical jobs, although there is also an immediate need for some technical (claims examining and authorizing) jobs too. Over 75 percent of the new jobs will be located in the field.

3. Space

Immediate expansion of district office "floor space" is required. The most economical and effective expansion is in the form of satellite or branch offices under the general supervision of the parent office district manager. At present, 245 additional branch offices are being set up to handle preamendment workloads and at least another 125 are planned to be opened in calendar year 1973 because of the amendments. In addition, a critical need will exist to expand or relocate 400 to 500 facilities already established. SSA and GSA have worked out an agreement

for a crash effort to process the acquisition of district and branch office space. Under this arrangement, SSA is detailing about 75 employees to work within GSA under the direction of its regional offices. They will be trained by GSA and act as its agent in all aspects of the space acquisition process except the actual signing of the lease.

4. Communications

To help assure common understanding of the magnitude of the problems ahead, two meetings of the key officials who will be involved have been held. The first was a national conference of SSA field officials meeting with top headquarters staff. Emphasis was placed on the rationale for the major provisions, the establishment of critical priorities, the assignment of responsibilities, manpower utilization, and the solicitation of ideas and suggestions from the field officials.

The second meeting was with approximately 200 key representatives from State and local welfare organizations to discuss conversion activities and other areas of common interest.

5. Public Information

A public information program is well underway to advise beneficiaries of their new rights and responsibilities.

The principal items prepared or in process are:

- A "What You Need to Know Now" leaflet which will be delivered with the January 3, 1973, checks.

- Draft newspaper releases, feature items, and radio and TV materials for use by district and branch managers.
- A series of general purpose and special subject pamphlets for distribution through national, regional and local outlets, including a revision of just about all present publications.
- A special set of materials which district and branch managers will offer to employers in private industry, including payroll stuffers on the new contribution rates, bulletin board posters, and employee magazine features.

6. Developing Systems and Procedural Changes for H.R. 1 Benefit Increases

- The mass electronic data processing of the widows' insurance benefit conversion raising the amounts payable to widows from $82\frac{1}{2}$ percent of the primary amount to 100 percent will take place during the period December 16-21. This will create a converted January payment dated February 3, 1973. Cases that need to be manually processed are being sent to the payment centers the week of December 10. Nearly 4 million widows' benefit accounts will be converted.
- The special minimum primary insurance amount (providing a special minimum benefit equal to \$8.50 multiplied by a worker's number of years of coverage under social security in excess of 10 years, up to a maximum of 30 years) will be implemented through the Automatic Earnings Reappraisal Operations (the system that is used to refigure benefit rates to include additional earnings after entitlement). These increases will be processed at the end of February for the check dated April 3, 1973. The volume of cases is estimated at 150,000.

- The delayed retirement credit operation, which increases retirement benefits by 1 percent for each 12 months in which the worker between age 65 and age 72 did not receive benefits because of earnings from work, is planned for the end of April, with the first increase, retroactive to January, paid in the June 3, 1973, checks. About 1 million accounts will be processed.

7. System for the Supplemental Security Income Program

Planning for the SSI program calls for a two-step approach to the final operating system. The first step is to provide for the basic capability to transfer recipients now on the State and local rolls to the Federal program, to process new claims, to conduct a series of accuracy and quality checks, and to make prompt payment on a continuing basis. A key assumption in systems planning is that there will be a continuing direct transference of data between district offices and the computer system. For aged claimants the district office will:

- . take applications; evaluate needed documentation relating to identity, age, income and resources;
- . make a determination of eligibility;
- . determine if a representative payee is needed;
- . make an emergency advance payment if it is required and the conditions for such payment are met; and
- . transmit the basic data by wire to the computer system.

For the blind and disabled the district office will develop nonmedical proofs and feed the findings to the computer through a keying operation, while the

State disability determination agencies do the same for the disability findings. Both findings will be associated in the computer system and appropriate action taken.

The district office will retain the application and other paper proofs only so long as the claimant has the right of appeal and then send them to a Federal Records Center.

The district office will receive notices from recipients on changes in their status and wire the information to the computer system.

The new basic system will require the capability for immediate response by the computer to district office inquiries. The heart of the computer system will consist of computer-stored data known as the Master Recipient Record (MRR). It will be subject to constant update as district office information arrives by wire. The system will also have access to the SSA earnings-record systems and to external systems such as those of the Railroad Retirement board, Civil Service Commission, Veterans Administration, etc., so that recipient income can be checked mechanically.

Initially the system will lack immediate-inquiry-response and constant-update features. Until these are provided, the time lag on inquiries will be approximately 48 hours, and the update will be made once a day.

The district offices will need to be equipped with more sophisticated keying equipment than they now have, and an independent telecommunications system will need to be provided (at least for the larger district offices) since the high volume of traffic would swamp GSA's present advanced record system.

8. Conversion of State and Local Welfare Rolls

State and local data will have to be prepared in a form suitable for use in the Federal system, subjected to verification procedures, and entered into the Master Recipient Record. Notices of determinations for the Federal program will be produced by the computer and mailed to the recipients. Of the existing 1100 State and local jurisdictions, three-fourths have primarily manual systems. This means that a large-scale keypunch operation will be required in the conversion process.

9. Enumeration

H.R. 1 requires changes in the issuance of social security numbers (SSN's). The plan is as follows:

Aliens - Arrangements are being made for the State Department, as part of the regular visa procedures, to obtain applications for SSN's from aliens intending to immigrate to the U.S. We will assign the SSN and mail the SSN card to the alien's U.S. address.

State Welfare Recipients - Enumeration (verification of SSN's alleged and issuance of SSN's to those who do not have them) of all adult State welfare recipients (aged, blind, and disabled) will begin January 1973 and be completed by the end of September 1973.

Enumeration of the remaining people applying for or receiving any federally assisted payments (mainly 11 million AFDC parents and children) will begin July 1973 and is expected to take approximately 2 years to complete.

SSA Secondary Beneficiaries - We have virtually completed the enumeration of **all** SSA secondary

beneficiaries (dependents and survivors of workers) aged 64 or older. The remaining beneficiaries aged 63 or younger are expected to be fully enumerated by July 1973.

School Children - Pilot projects are being formulated to develop the procedures to provide each child entering the first grade with his own SSN. It is expected to take 5 years to complete the issuance of SSN's to all school children, of whom there are approximately 50 million.

Age, Identity, and Citizenship Requirements - The law requires us from now on to secure sufficient evidence to establish age, identity and citizenship from applicants for SSN's. For school children we plan to rely upon school records to serve as corroborative evidence. For immigrating aliens, we expect to use evidence accepted by the State Department. The extent to which we will need to change our present requirements for other applicants is under study.

10. Amendment Materials, Regulations, Compilation of the Law and Application Forms

-- A summary of the 1972 amendments relating to retirement, survivors, disability and health insurance provisions of H.R. 1 was printed and distributed during the first week of November to aid in acquainting SSA personnel with these new provisions. Additionally, a Composite of the Social Security Act and H.R. 1 has been **prepared** to reflect the amendment changes in the Social Security Act, pertinent provisions of the Internal Revenue Code of 1954, and in provisions of other laws relating to the Social Security Act. Printed in four volumes, it has been distributed to SSA personnel.

- A summary in chart form of the new provisions (except title XVI--supplemental security income) which affect social security regulations and require amendment or revision of the regulations has been prepared. Copies have been forwarded to the components of SSA for use in establishing a schedule for developing proposed regulations; the schedule will be used for control and planning purposes in the development of the proposed regulations.

- A draft of a substantial portion of the compilation covering the amended SS Act and laws related to the Social Security Act has been nearly completed. The target date for transmission of the Compilation of the Social Security Laws manuscript to the Ways and Means Committee for printing as a House Document has been set for January 2, 1973.

- Changes in applications and related claims forms required because of the amendment provisions have been cleared within SSA and are being readied for transmittal to OMB for clearance. It is expected that the bulk of the new forms and applications will be in the hands of SSA field personnel by the end of January. As an interim measure, instructions have been issued to field personnel regarding the modification of existing materials to reflect amendment changes. Additionally, a number of Claims Manual Amendment Supplements have been printed and distributed to operating personnel; the bulk of the remaining claims manual instructions are in the process of being printed or are being readied for printing.

- Planning is approximately on schedule for preparing regulations and policies on those areas that are unique to the new title XVI program. Policies and instructions are planned to be received by operating personnel in early April 1973. Existing title II regulations and policies will be used for those areas of the SSI program that are **thesame** or similar to the OASDI programs.

11. Disability Provisions

Interim instructions have been issued to SSA operating personnel and to State agencies that assist SSA in making determinations on disability claims. These instructions cover the handling of cases affected by new provisions under which:

- a. the waiting period for disability insurance benefits is reduced from 6 months to 5 months:
- b. blind workers can more easily meet insured status requirements for disability insurance benefits:
- c. childhood disability benefits can be paid to persons disabled before 22 and reentitlement to those benefits can occur if the individual is again disabled within 7 years after termination:
- d. disability insurance applications may be filed after the worker's death:
- e. retroactive benefits are paid to certain disabled workers with respect to periods of disability which ended prior to 1964, where claims were denied because the applications weren't filed timely.

Detailed manual instructions will be published later.

12. Medicare Provisions

The carriers and intermediaries have been provided with a summary of H.R. 1 relating to Medicare. Identified in particular ~~were~~ those provisions which were effective upon enactment and which have an immediate impact on their operations.

Many of the Medicare provisions require the involvement of other HEW agencies concerned with health and Medicaid and the involvement of health industry organizations such as the Blue Cross Association, National Association of Blue Shield Plans, American Medical Association, American Hospital Association, American Nursing Home Association, Federation of American Hospitals, Hospital Financial Management Association, American Institute of Certified Public Accountants, American Association of Medical Colleges, National Medical Association and Group Health Association of America.

Among the sensitive and far-reaching provisions requiring extensive consultation and coordination are:

- a. Section 221, concerning limitation on Federal participation for capital expenditures (which requires the establishment of a new contract arrangement with States for the services of State and local comprehensive health planning agencies):
- b. Section 226, concerning payments to Health Maintenance Organizations (which introduces into the Medicare program a system of prepayment for combined Part A and Part B services furnished by a single health delivery organization either directly or under arrangements with health care suppliers):

- c. Section 249F, concerning Professional Standards Review Organizations (which will undertake independent professional review of medical care received by program beneficiaries):
- d. Section 243, Provider Reimbursement Review Board (which would grant to providers an opportunity for formal hearing on cost reimbursement issues). The delineation of the functions and jurisdiction of this appeals body must be established through regulations:
- e. Section 213, which provides for waiver of beneficiary liability in certain situations where Medicare claims are disallowed. This provision was designed to protect the beneficiary who, without fault, had been furnished services which are not covered under Medicare either because they are not medically necessary or they are custodial services. In such situations the institution or physician may also be without fault. If this is the case, the program will assume the cost of the service. The administrative complications in determining, first, whether the services are covered and, second, whether the beneficiary or the supplier of the service was without fault are great; effective administration will require most careful preparation of the instructions to intermediaries and carriers for the processing of claims under this provision.

B. Opportunities in Medicare Administration

When Medicare was passed in July of 1965, the general concern was that the new program not make basic changes in the health care system. The public emphasis was almost entirely on keeping the economic burden of illness from overwhelming old people and their sons and daughters. The object was to prevent economic disaster, but to do so

without interfering in any major way with the traditional organization of the medical care system or indeed to any great extent even with the details of the way that system operated.

It is true that the original Medicare law did include certain quality standards for extended care facilities and hospitals: institutions were required to provide for equality of treatment under the Civil Rights Act and certain controls, such as utilization review committees and physician certification of the necessity of service, were included. Under Medicare there was more intense review and more attention to questions of medical necessity and the amount of reimbursement than had been typical in private insurance, but nevertheless, by and large, Medicare accepted the going system of the delivery of care and the program structure was modeled on previous private insurance arrangements. Reimbursement of institutions followed the principles of cost reimbursement that had been worked out with the American Hospital Association and the majority of Blue Cross plans. Physician reimbursement followed the direction of private commercial insurance, making payments based, by and large, on what physicians charged their other patients.

Given the objectives it started out with, Medicare has been a major success. Millions of older people have received more and better care than they otherwise would have, and they have received the care under conditions which protected both their dignity and their pocketbooks.

Now, however, I believe there is an opportunity over the next several years to make significant improvements in the way the program operates and particularly an opportunity to use the program as an influence for constructive change in the way health care is delivered. This comes about because today, as compared with just 7 years ago, there is a completely different atmosphere. The public, congressional committees, the press, organized groups of providers themselves, and consumers are ready for changes, and they are looking toward Government to help carry out those changes.

The majority opinion now clearly supports the use of any large-scale paying mechanism like Medicare not merely to relieve an economic risk, but to help provide the leverage to bring about constructive change in the delivery of health care. Today the operation of the program is more apt to be criticized for interfering too little, rather than not interfering enough. Many of the provisions included in H.R. 1 would have been unthinkable at the time of the passage of the original program. Yet in 1972 there was little opposition to subjecting capital expansion to community planning to help control overbuilding: there was major support for the conduct of experiments and demonstrations to determine how best to implement changes in reimbursement so as to improve incentives for greater efficiency and economy; there was support for putting limitations on program liability: support for limiting increases in reimbursement for physicians' fees to the amount of increase in a **Government-**devised index; little opposition to authority to bar the reimbursement of licensed physicians who have been found to have abused the program: support for requirements for detailed peer review of the necessity of service and the quality of care, and many more matters that relate to governmental control and intervention.

What the change in attitude adds up to is that as a community we are now willing to say that Medicare is a health care program with responsibility for preventing the risk and pain of unnecessary and poor quality care and with the responsibility to see over time that good care is provided, as compared with saying that Medicare is directed solely at an economic risk and is a matter of protecting people against having to pay large bills. This is a real shift in concept and provides a very considerable opportunity for contributing to improvements in the health care delivery system that will have an effect beyond the operation of the Medicare program itself.

The Medicare program is the Federal Government's first major excursion into the health insurance field, and the way relationships are handled with private insurance, the

medical profession, the hospitals, and the nursing homes of the country, as well as the consumers, is of enormous importance. There is now the proper climate of public opinion for constructive leadership in experimentation with cost and utilization control, health planning mechanisms, and the development of newer organizational forms such as group practice prepayment **plans** and other kinds of health maintenance organizations.

C. The Opportunity to Provide Technical Assistance and Support to the Secretary and the President in Areas Beyond the Social Security Programs Proper but Related to the Broad Goals of Economic Security and the Prevention and Relief of Poverty

Out of the experience of managing the social security **program**, SSA managers develop the capacity for providing technical assistance and support on a wide variety of matters ranging from welfare reform, national health insurance proposals, private pension plan development, and other programs and issues related to the broad area of economic security and the prevention and relief of poverty.

SSA is a strong, rounded, professional organization dealing with all aspects of the social security program. There is:

1. A large field organization dealing each day directly with millions of people in the Nation and reporting their problems, their attitudes, their needs, their frustrations and their aspirations;
2. An Office of Public Affairs, including a skilled correspondence staff handling many tens of thousands of sensitive letters from individual Senators and Congressmen and others of similar stature, providing a second mechanism for assessing the workings of the social security program and public reaction:

3. One of the largest automatic data processing installations in the world, making possible the accomplishment of large-scale tasks previously not feasible and including expert staff with technical knowledge of what is and is not possible;
4. Three large program bureaus (Bureau of Retirement and Survivors Insurance, Bureau of Disability Insurance, Bureau of Health Insurance) which are intimately involved in the day-to-day operations of the largest insurance operation in the world.
5. Then, too, there is an actuarial staff, a program evaluation and planning staff, and a research staff, digesting large amounts of data reflecting the experience of the social security program in its operations, byproducts of those operations, and other resource materials and evaluating such experience so as to enable more accurate forecasting as a basis for program and operational planning and for developing recommendations for improvement. To this are added the research and program evaluation and the construction of economic and health planning models aimed at anticipating the data and analysis needs of policymakers in SSA and also in the Department, OMB, and the Office of the President.

With such internal sources contributing strength and support to the role of providing technical assistance, SSA has the opportunity to:

1. Analyze, distill and transmit to the Secretary, OMB, and the Office of the President, in a useful form and at appropriate time, the information coming out of the operation of the social security program and the results of SSA's information-gathering activities bearing on economic characteristics of the working population: the disabled, widows and orphans, and the retired population; national employment, earning patterns, and retirement trends, health, etc.
2. Provide technical assistance contributing to the development of how social security financing and

program planning should interrelate with such broader areas of national concern as economic, fiscal and social policy.

3. Provide technical assistance in formulating options, responsive to the policy objectives of the Secretary and the President, and dealing with issues arising within the social security program and in the interaction of that program with other related programs. Help develop legislative proposals, as necessary, to implement the options decided upon.
4. Provide technical assistance to the Secretary and President directly by evaluating the administrative feasibility of legislative proposals and suggesting changes in the proposals to facilitate more effective and economical administration and assist them indirectly by providing similar assistance, consistent with Department and Presidential policy, to others such as congressional committees, individual Congressmen, State officials, scholars, and so on.
5. Provide technical advice, support and assistance in dealing formally with committees of Congress.

There is also the opportunity to contribute to the improvement and enrichment of the data produced by the Federal statistical system through the further effective development of the Social Security Administration's unique record resources. The Social Security Administration has an obligation to develop, according to the best scientific standards, the unique body of statistical information about employment, payrolls, lifetime earnings histories, retirement, disability, mortality, benefit claims and payments, and a variety of health data about older people and to publish the information in a form useful both to the program administrator and to social scientists generally. It also has an obligation to encourage the linkage of these data with other bodies of statistical information and to make the data available for research by other organizations, subject always to the careful safeguarding of the confidentiality of information relating to individuals.

D. Opportunities in the Administration of the First Federal Assistance Program

The State-administered but Federal and State-financed welfare system which we have had since 1935 has been under attack for a variety of reasons. One major charge has been that there was a failure of administration. The Administration's proposal for welfare reform has, therefore, included the idea of direct Federal administration of benefit payments. The establishment of a federally financed and federally administered program for the needy aged, blind and disabled gives the Federal Government an opportunity to demonstrate that a welfare system can be both humane in its provisions and strictly administered. The new program of supplemental security income will undoubtedly be judged by the country and by the Congress as a prototype for more sweeping welfare reform. This provides both a major challenge and a major opportunity.

A major reason for the establishment of a Federal program of this kind is to improve the adequacy of care for older people, the blind and disabled, and to the extent possible, to reduce or eliminate the stigma associated with the receipt of welfare. There are now many States where there are eligibility standards that provide for a lower income than the \$130 a month for a single person and \$195 a month for the couple that is provided by the new Federal program and, moreover, many State programs contain **provisions** that prevent many older people who would otherwise be eligible from applying for the payment. For example, many States have lien laws which allow older people to live in their homes as long as they live but require that the home be signed over to the State so that after death the State can recover any assistance that it paid to the individual during his lifetime. Many older people have not been willing to take assistance under these circumstances. Also, many States look not only at the income and assets of the applying but at the income and assets of legally responsible relatives before they make payments to the older or disabled person, and many individuals do not want to involve their relatives in a determination of need. Because the Federal program does **not** have these **res rictions** and because it would be administered through the same

machinery as social security, the new Federal program will pay more people, will raise the level of payment in many States and will reduce or eliminate the stigma associated with a means-tested program.

Another reason for the recommendation was that it makes sense for the Federal Government to pay the same amount to each needy person under the same conditions and for the States, on an optional basis, to supplement this amount because of a higher level of living in the State. This is in contrast to what happens under a matching **formula, where** the Federal Government pays more because a State pays more.

In addition, as indicated, an important reason for the recommendation and the acceptance of the recommendation by the Congress was the belief that the Social Security Administration, operating on a national basis, could do a better job of administration than the States from the standpoint of both effectiveness and economy. **Any** failures in administration will give a black eye to proposals for welfare reform in general.

The Social Security Administration has rejected completely the administrative approach advocated by some welfare groups (and actually provided for by regulation in the previous Administration) of accepting the applicant's own statement about eligibility conditions without verification--the so-called declaration method. On the contrary, although on many points of eligibility the applicant's unsupported statements will need to be accepted in the first instance, wherever it is economical to do so, as with social security earnings records, a 100 percent match will later be made between governmental records and the applicant's allegation. Moreover, an intensive redevelopment of all elements of eligibility will be carried out on a sample basis. The same strict standards of proof of age and disability determination will be applied to the new program as are applied in the present social security program and the existence of a national roll with each recipient identified by social security account number will do much to eliminate duplicate payments.

Economy will be achieved by the use of the computer and modern communication systems and through large-scale operations. Moreover, in the area of old-age assistance, the load will be closely controlled by the development of a leads program aimed individually at those who would be most likely to be eligible under the program. For example, in 1973, because social security has the addresses of practically all the older people in the country--either because they are cash social security **beneficiaries** or Medicare beneficiaries--it will be possible to pinpoint a mailing to about 6 million older persons who have social security benefits and welfare support low enough to make them potentially eligible under the new program. A prepunched return card will be sent to those potentially eligible with information about the new program so that they, alone or with the help of others, can determine whether they have total income and assets low enough to warrant their pursuing the matter. On the basis of the returned punchcard, further claims development will take place. Contract arrangements will be made with the States for the conversion of State records to Federal format at the same time that the Social Security Administration is taking applications for those made newly eligible and located through this leads program.

Both the opportunity for a demonstration of Federal efficiency and the potential for failure are very large.

E. Other Opportunities for Improvement

There are many other opportunities for improvement, some of which will be taken up in more detail in the fourth section as the steps leading to improvement are discussed.

Although major Social Security legislative changes are not to be expected, the legislative **definition** of the program can be considerably improved without significantly increasing costs or the general level of protection. There is also the never-ending job of approaching uniform and equal application of the law to all people. There is the never-ending job of improving proof requirements, public information activities and efforts to prevent fraud and abuse. Correspondence can always be more prompt and more responsive. Interviewing can always be better. The morale and spirit of an organization can be improved. The **processing** of claims can be more prompt and more accurate. A referral service can be, and should be, developed in greater depth and be more widely advertised. The level of care provided by nursing homes can be further improved, and further steps need to be taken to assure an adequate number of nursing home care institutions and home health agency organizations in all areas. Some field facilities of the Social Security Administration need to be brought up to standard. And attacks on the nature and philosophy of the program need to be met by **prompt**, factual responses.

There are always improvements to be made in process and procedure, in system operation and system design. Over time it is always possible to reduce costs while retaining quality by the application of new ideas and methods.

It is always possible to improve the training and development of managers and of journeyman-level operators. There is the continued necessity to work to eliminate every vestige of prejudice regarding race, sex or creed in the selection and promotion of individuals. The recruitment of new talent is never done **well** enough: the business of the United States is the most important, challenging and exciting business in the world, and we must be able to attract to it the best minds and skills of the present generation. We who are in

Government owe it to the country to set an example of Government business that will compare favorably with the very best in private industry.

The organization of work needs to be continually examined and adjustments made in jobs so that work is made as interesting and challenging as possible and so that employees derive prestige and satisfaction from their work.

The contribution of the Social Security Administration to broader governmental objectives needs to be continually reexamined--for example, the relationship of the use of the social security account number by other organizations to the preservation of individual privacy and the contribution of building locations to central-city reconstruction need continuing attention. The role which the organization takes in securing fair housing treatment for its employees and in providing a setting in which they can perform volunteer activities or can conveniently continue their own formal education are matters of continuing importance.

There is an opportunity, too, for the Social Security Administration to contribute to governmentwide and community planning for the aging, the widowed, the disabled, and for children. From the operation of the social security program comes knowledge and insights which can contribute to the work that other organizations are doing. Because of the nature of the Social Security field organization, the contribution it can make to the establishment of adequate community resources for these groups is of particular significance. The purposes of the social security program are closely linked to the purposes of a number of other programs--vocational rehabilitation, public assistance, health and welfare services to children, unemployment insurance, the economic opportunity program, and many others. In developing social security policies and procedures there is an opportunity to help link in practice the mutual or related objectives of these several programs.

A somewhat similar opportunity flows from taking a governmentwide perspective in the management field. The Social Security Administration is one unit in a single Government administrative service, and it is able to contribute to and receive from that service. Consequently, SSA has assumed responsibility for positive actions in support of all broad Government **objectives** such as equal employment opportunity and the provision of jobs for disadvantaged young people and the handicapped. Equally important, there is an opportunity to contribute to the formation of Government policy as a whole in order to develop the most efficient and best in Government service.