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Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

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March 11, 2013

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LAWRENCE J. BRADY
STAFF DIRECTOR

Ms. Beatrice Disman
Regional Commissioner
Social Security Administration
26 Federal Plaza Room 40-120
New York, NY 10278

Dear Ms. Disman:

Federal spending on disability programs, especially Social Security Disability Insurance (SSDI), is growing unsustainably. Nationally, the share of adults aged 25 through 64 enrolled in SSDI, a program that pays cash benefits to nonelderly adults who are deemed unable to work, doubled from 2.3 percent to 4.6 percent between 1989 and 2009.¹ The Social Security Board of Trustees² and the Congressional Budget Office³ estimate that, without reform, the SSDI trust fund will be depleted within the next four years. Growth in SSDI enrollment also increases Medicare spending since individuals enrolled in SSDI for two years are automatically enrolled in Medicare.⁴ The Committee is conducting oversight of the management of federal disability programs with the goal of limiting the misspending of public dollars. We are writing to request your cooperation with the Committee's efforts.

As Regional Commissioner for New York, you are responsible for oversight of the Social Security program in Puerto Rico. In recent years, Puerto Rico has emerged as "one of the easiest places" in the country to qualify for and receive benefits through SSDI.⁵ In the spring of 2011, the *Wall Street Journal* reported that nine of the top 10 U.S. zip codes for disabled workers receiving SSDI benefits can be found in Puerto Rico.⁶ Since the *Wall Street Journal* uncovered the severity of the problem,⁷ the Office of the Inspector General (OIG) at the SSA has been investigating claims of "widespread disability fraud" in Puerto Rico.⁸

¹ David Autor, "The Unsustainable Rise of the Disability Rolls in the United States: Causes, Consequences, and Policy Options," NBER Working Paper, Nov. 23, 2011.

² Social Security Administration, "2012 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds." Available at: <http://www.ssa.gov/oact/TRSUM/index.html>.

³ The Congressional Budget Office, *2012 Long-Term Projections for Social Security: Additional Information*, October 2012.

⁴ Social Security Administration, "Disability Planner: Medicare Coverage If You're Disabled." Available at: <http://www.socialsecurity.gov/dibplan/dapproval4.htm>.

⁵ Damian Paletta, *Insolvency Looms as States Drain U.S. Disability Fund*, WALL ST. JRNL, March 22, 2011.

⁶ *Id.*

⁷ *Id.*

⁸ Damian Paletta, *Puerto Rico Disability Claims Probed*, WALL ST. JRNL, Sept. 11, 2011.

In 2011, the *Wall Street Journal* reported that SSDI funds were being administered inappropriately and inconsistently in Puerto Rico and that local officials seem to lack the incentive to keep disability costs in check.⁹ Ivan Gonzalez-Cancel, a cardiac surgeon in Puerto Rico, nominee for Secretary of Health of Puerto Rico in 2009, and New Progressive Party candidate for Governor of Puerto Rico in 2012, told the *Wall Street Journal* that the SSDI program in Puerto Rico is ripe with corruption and that “[t]he mentality [in Puerto Rico] is that it’s ‘big, rich Uncle Sam’s money.’”¹⁰

The problems appear to have grown substantially over the past few years. For instance, in 2006 at the initial approval level, just 36 percent of SSDI applicants in Puerto Rico were approved for benefits. By December 2010 this percentage had skyrocketed to 63 percent, a higher rate than any U.S. state.¹¹ According to the Federal Reserve, approximately 11.4 percent of the working-age population in Puerto Rico is currently on the government-run disability program, well over twice the national average.¹² In 2009, SSA sent roughly \$163 million a month in SSDI benefits to people in Puerto Rico.¹³ As a point of comparison, SSA paid about \$107 million in SSDI benefits a month to people in Oregon, the U.S. state with a population size roughly the same as Puerto Rico’s population.¹⁴

It is unacceptable that taxpayers have been left to pick up the tab for the mismanagement of federal funds and lack of competent government oversight of SSDI in Puerto Rico. Given SSDI’s dire financial outlook, maintaining program integrity of SSDI is imperative, not only for U.S. taxpayers, but also for lawful disability payment recipients.

In order for the Committee to better understand the extent of the problem within the SSDI program in Puerto Rico and your office’s actions to address problems in the program, we request that you produce the following information and documents, in electronic format, as soon as possible, but no later than 5:00 p.m. on March 25, 2013:

1. By year, please provide the SSDI approval rates in Puerto Rico at each step of the SSDI application process from 2005 through 2012;
2. Please provide all documents and communications between or among employees of your office referring or relating to the March 22, 2011, *Wall Street Journal* article entitled “Insolvency Looms as States Drain U.S. Disability Fund” from the time period of March 15, 2011, through the present;
3. Please provide a list of all oversight actions your office has conducted relating to the SSDI program in Puerto Rico from the time period of January 1, 2006, to the present. Please include the date such actions were initiated.

⁹ See *Supra* Note 5.

¹⁰ *Id.*

¹¹ *Id.*

¹² See Federal Reserve Bank of New York, *Report on the Competitiveness of Puerto Rico’s Economy*, June 29, 2012.

¹³ See *Supra* Note 5.

¹⁴ *Id.*

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4. Please provide copies of all internal and external reviews and audits of the SSDI program in Puerto Rico that have been conducted by your office or any entities that have received contracts by your office from the time period of January 1, 2006, to the present;
5. Social Security Online posts ALJ disposition data including dispositions, decisions, awards, and denials for each administrative law judge for the current fiscal year. Please provide this same information for all administrative law judges who have held hearings to administer SSDI funds in Puerto Rico for each year from January 1, 2006, to the present;
6. Please provide a full and complete list of and summary information about any and all criminal investigations, fines and arrests that have implicated medical professionals, legal professionals, or government officials referring or relating to the improper administration of SSDI funds on Puerto Rico from the time period of January 1, 2006, to the present;
7. Please provide the average amount of a monthly SSDI check, by year, sent to qualifying beneficiaries in Puerto Rico from the time period of January 1, 2006, to the present;
8. Please provide the aggregate number of current SSDI recipients residing in Puerto Rico who concurrently receive unemployment insurance;
9. Please provide the aggregate number of current SSDI recipients residing in Puerto Rico who received unemployment insurance at some point from January 1, 2006, to the present.

The Committee on Oversight and Government Reform is the principal oversight committee of the House of Representatives and may at "any time" investigate "any matter" as set forth in House Rule X. An attachment to this letter provides additional information about responding to the Committee's request.

When producing documents to the Committee, please deliver production sets to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2471 of the Rayburn House Office Building. The Committee prefers, if possible, to receive all documents in electronic format.

If you have any questions about this request, please contact Brian Blase or Katelyn Christ of the Committee Staff at 202-225-5074. Thank you for your attention to this matter.

Sincerely,



Darrell Issa
Chairman

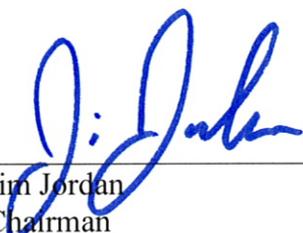


James Lankford
Chairman
Subcommittee on Energy Policy,
Health Care and Entitlements

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Jim Jordan
Chairman

Subcommittee on Economic Growth, Job
Creation, and Regulatory Affairs

Enclosure

cc: The Honorable Elijah Cummings, Ranking Minority Member

The Honorable Jackie Speier, Ranking Minority Member, Subcommittee on Energy Policy,
Health Care and Entitlements

The Honorable Matthew Cartwright, Ranking Minority Member, Subcommittee on
Economic Growth, Job Creation, and Regulatory Affairs

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Responding to Committee Document Requests

1. In complying with this request, you are required to produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. You should also produce documents that you have a legal right to obtain, that you have a right to copy or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party. Requested records, documents, data or information should not be destroyed, modified, removed, transferred or otherwise made inaccessible to the Committee.
2. In the event that any entity, organization or individual denoted in this request has been, or is also known by any other name than that herein denoted, the request shall be read also to include that alternative identification.
3. The Committee's preference is to receive documents in electronic form (i.e., CD, memory stick, or thumb drive) in lieu of paper productions.
4. Documents produced in electronic format should also be organized, identified, and indexed electronically.
5. Electronic document productions should be prepared according to the following standards:
 - (a) The production should consist of single page Tagged Image File ("TIF"), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.
 - (b) Document numbers in the load file should match document Bates numbers and TIF file names.
 - (c) If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.
 - (d) All electronic documents produced to the Committee should include the following fields of metadata specific to each document;

BEGDOC, ENDDOC, TEXT, BEGATTACH, ENDATTACH,
PAGECOUNT, CUSTODIAN, RECORDTYPE, DATE, TIME, SENTDATE,
SENTTIME, BEGINDATE, BEGINTIME, ENDDATE, ENDTIME, AUTHOR, FROM,

CC, TO, BCC, SUBJECT, TITLE, FILENAME, FILEEXT, FILESIZE, DATECREATED, TIMECREATED, DATELASTMOD, TIMELASTMOD, INTMSGID, INTMSGHEADER, NATIVELINK, INTFILPATH, EXCEPTION, BEGATTACH.

6. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, box or folder is produced, each CD, hard drive, memory stick, thumb drive, box or folder should contain an index describing its contents.
7. Documents produced in response to this request shall be produced together with copies of file labels, dividers or identifying markers with which they were associated when the request was served.
8. When you produce documents, you should identify the paragraph in the Committee's schedule to which the documents respond.
9. It shall not be a basis for refusal to produce documents that any other person or entity also possesses non-identical or identical copies of the same documents.
10. If any of the requested information is only reasonably available in machine-readable form (such as on a computer server, hard drive, or computer backup tape), you should consult with the Committee staff to determine the appropriate format in which to produce the information.
11. If compliance with the request cannot be made in full by the specified return date, compliance shall be made to the extent possible by that date. An explanation of why full compliance is not possible shall be provided along with any partial production.
12. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) the privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author and addressee; and (e) the relationship of the author and addressee to each other.
13. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (stating its date, author, subject and recipients) and explain the circumstances under which the document ceased to be in your possession, custody, or control.
14. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, you are required to produce all documents which would be responsive as if the date or other descriptive detail were correct.
15. Unless otherwise specified, the time period covered by this request is from January 1, 2009 to the present.
16. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data or information, not produced because it has not been

located or discovered by the return date, shall be produced immediately upon subsequent location or discovery.

17. All documents shall be Bates-stamped sequentially and produced sequentially.
18. Two sets of documents shall be delivered, one set to the Majority Staff and one set to the Minority Staff. When documents are produced to the Committee, production sets shall be delivered to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2471 of the Rayburn House Office Building.
19. Upon completion of the document production, you should submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control which reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

Schedule Definitions

1. The term “document” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, inter-office and intra-office communications, electronic mail (e-mail), contracts, cables, notations of any type of conversation, telephone call, meeting or other communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.
2. The term “communication” means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, email (desktop or mobile device), text message, instant message, MMS or SMS message, regular mail, telexes, releases, or otherwise.

3. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information which might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neuter genders.
4. The terms “person” or “persons” mean natural persons, firms, partnerships, associations, corporations, subsidiaries, divisions, departments, joint ventures, proprietorships, syndicates, or other legal, business or government entities, and all subsidiaries, affiliates, divisions, departments, branches, or other units thereof.
5. The term “identify,” when used in a question about individuals, means to provide the following information: (a) the individual's complete name and title; and (b) the individual's business address and phone number.
6. The term “referring or relating,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with or is pertinent to that subject in any manner whatsoever.
7. The term “employee” means agent, borrowed employee, casual employee, consultant, contractor, de facto employee, independent contractor, joint adventurer, loaned employee, part-time employee, permanent employee, provisional employee, subcontractor, or any other type of service provider.