

112144

~~13535X~~ 112144

U.S. General Accounting Office  
Washington, D.C. 20548



112144

FOR RELEASE ON DELIVERY  
Expected at 9:30 a.m.  
Tuesday, April 22, 1980

Statement of  
H. L. Krieger, Director  
Federal Personnel and Compensation Division

Before the

Subcommittee on Compensation and Employee Benefits  
of the Committee on Post Office and Civil Service  
U.S. House of Representatives

on

[Delays in Processing Civil Service Retirement Claims]

Madam Chair and Members of the Subcommittee:

I am pleased to be here at your request to discuss the General Accounting Office's findings, to date, in our review of delays in processing civil service retirement claims.

As you know we are in the early stages of our study and have not yet reached any definitive conclusions. However, because of the interest of this Subcommittee and the concern expressed by a number of your colleagues that many of their constituents are experiencing undue delays in receiving their retirement benefits, we believe it would be beneficial for us to brief you on our progress.

Complaints about lengthy processing times are not new. Because of similar concerns in the past, we reported on this issue in April 1973 and again in January 1978. Unfortunately, the situation today is worse than ever.

009977

In January 1978, when our last report was issued, the number of on-hand, uncompleted claims was about 57,000. The number is now nearly 90,000 (see app. I).

During 1978, the Office of Personnel Management (OPM) received about 179,000 new claims for retirement and survivor benefits and processed about 200,000. In 1979, the number of claims received increased by 3 percent; however, the number processed dropped 25 percent. As a result, the backlog grew by approximately 33,000 cases (see app. V).

The time required by OPM to process claims rose sharply during the period from July 1978 to January 1980. The average processing time for retirement claims increased from 45 to 95 days (see app. VI). Claims from survivors of annuitants took 116 days in January 1980 compared to 27 days in July 1978, and claims from survivors of employees who died in service increased from 60 days processing time to 142 days (see app. VII).

These processing times were shown in the most recent quality assurance report published by OPM and are based on cases completed prior to January 3, 1980. They do not include periods of time during which the claims were being processed by employing agencies before submittal to OPM. We have had indications that the delays have increased even more between early January and April 1980.

When the backlog and the various processing times for the past 32 months are graphed, a U-shape evolves, indicating that these problems were at one time brought under control but have since steadily worsened (see app. I). The extremes now in evi-

dence did not result from any one event but rather reflect a steady trend of receipts consistently outpacing output.

One of the reasons for processing delays is that employing agencies do not always provide complete data on a timely basis. In our April 1973 report we suggested that OPM (then the Civil Service Commission) should utilize its personnel management evaluation staff to evaluate agency performance and to include retirement as a regular evaluation agenda-item. In our January 1978 report entitled, "Improvements Needed in Processing Civil Service Retirement Claims," we again suggested that the timeliness of processing could be improved if OPM strengthened its program to monitor employing agency performance. We recommended that OPM retirement officials work with responsible officials in the employing agencies to identify the causes of poor performance and to follow-up on actions taken or planned by the agencies.

OPM agreed. Plans were made to continue monitoring the timeliness of agency actions and to report the results to each agency. Although periodic surveys of incoming cases were made, agencies have been contacted only once since March 1978 even though some agencies were taking more than 60 days to submit records when the standard was 30 days. No plan to improve the quality of agency submissions has been implemented. Developing incomplete cases is a significant problem for OPM, and improvement of agency submissions should significantly decrease processing time.

OPM estimates they provide between 85 to 90 percent of civil service retirees with partial monthly benefits within 2 weeks

from the date they receive the claim from the employing agency. These special payments average about 80 percent of the full retirement benefit. The annuitant does not receive a full retirement check until OPM has adjudicated the claim. During the last quarter of calendar year 1979, total processing time for retirement claims at OPM averaged 95 days. This does not include the period of time it took the agency to forward the required documentation to OPM. When additional information was necessary, either due to agency error or OPM policy, the adjudication process took about 128 days.

Our findings to date indicate that civil service employees are not receiving the same services and prompt payments provided to employees retiring under other Federal retirement systems.

Under the Foreign Service and Tennessee Valley Authority retirement systems, retirement records are compiled and verified while the employee is still in service. Most cases can be completely adjudicated before the date of retirement.

An employee retiring from the Foreign Service can expect to receive a full check in 17 to 47 days. Under this system, checks are issued only at the end of each month, therefore, employees retiring after the mid-month cut-off date will receive their first check at the end of the following month.

TVA retirees receive their first retirement check in an average of 32 days. Unfortunately, a civil service retiree can only hope that his retirement files have been received by OPM within this same period of time.

In contrast to the high priority given to initiating the special payments for new retirees, claims from survivors are not considered for special payments on a timely basis. Staffing experience has fallen to the point that this function is only done on overtime when more experienced personnel return to the section to help. As a result, the most recent OPM computer count of survivor claims showed that of 28,478 claims on-hand, only 20 percent were receiving a special payment. Approximately 6,400 claims were in a non-payment status for 6 months or longer. Thus, survivor annuitants may be required to cope with long periods of financial uncertainty.

In comparison, survivors of Foreign Service annuitants receive a full check in an average of 60 days after the date of death and under the TVA system checks are issued less than 17 days after an annuitant's death.

We recognize that the Foreign Service and TVA retirement systems are vastly different from the civil service system in size and that civil service annuitants cannot expect truly personalized attention, but timely processing and prompt payment of full annuity benefits are minimum expectations that are not being met.

OPM has initiated several changes in an effort to reduce the number of cases on-hand and to lower processing times. One hundred new claims examiners have been hired to supplement the current staff. Increasing the work force will certainly have an impact, but a 4-month training period will be required and the impact will not be felt immediately.

To fill the void until the new hires become productive, OPM is detailing 30 former claims examiners employed in other areas at OPM to the retirement area to process claims.

OPM experiences a very high turnover rate among its claims examiners. We are told that, each year approximately 40 percent of the claims examiners leave for other positions, many within OPM. This is not a new problem. As of January 1980, 26 of the 51 examiners processing claims had less than 1 year of experience. The shortage of experienced examiners is, in our opinion, the major factor contributing to the processing delays and backlog.

OPM normally hires college graduates from the Professional and Administrative Career Examination (PACE) register to fill claims examiner positions. Although many leave earlier, within 2.5 years most examiners move into OPM's Administrative Intern Program for advancement or leave the agency for better opportunities. Even amid the current crisis OPM elected to advance eight claims examiners into the intern program and anticipates losing 12 or more in March 1981. March is traditionally a peak receipt period for new retirement claims.

This turnover is costly. Not only are recruitment efforts and training times lost, but the overall percentage of trained claims examiners is lower than that necessary to produce a consistently high quality and volume of adjudicated claims.

OPM's Office of Internal Affairs noted that it takes over 3 years to develop a fully proficient claims examiner. The office suggested that a less experienced workforce is one of the key causes of the large number of unprocessed claims onhand.

Hiring more staff and detailing former claims examiners should help with the problem, but the long term solution would appear to be to develop more efficient ways to process claims. One temporary change implemented by OPM seems to be a step in this direction.

OPM recently estimated that nearly half of all new retirement claims are routine and complete when received from the employing agencies. OPM is testing a short-cut to process these claims. OPM is using clerical employees located at its records storage facility in Boyers, Pennsylvania to completely process the claims, relying more heavily on agency supplied computations.

This process would eliminate the many bottlenecks where most claims are delayed and should result in a more reasonable processing time for these claims. However, benefit calculation errors might also increase. OPM plans to conduct a quality assurance review of the accuracy of payments authorized by this new process which we will be watching very closely. If successful, this could be a much needed change in a process now replete with duplication of effort. It is the type of initiative OPM should encourage.

Another area that we plan to examine is the degree to which the claims adjudication process can be automated. It is now essentially a manual operation. In this regard, we will be visiting the Social Security Administration to look into whether any of its procedures would have application to the civil service system.

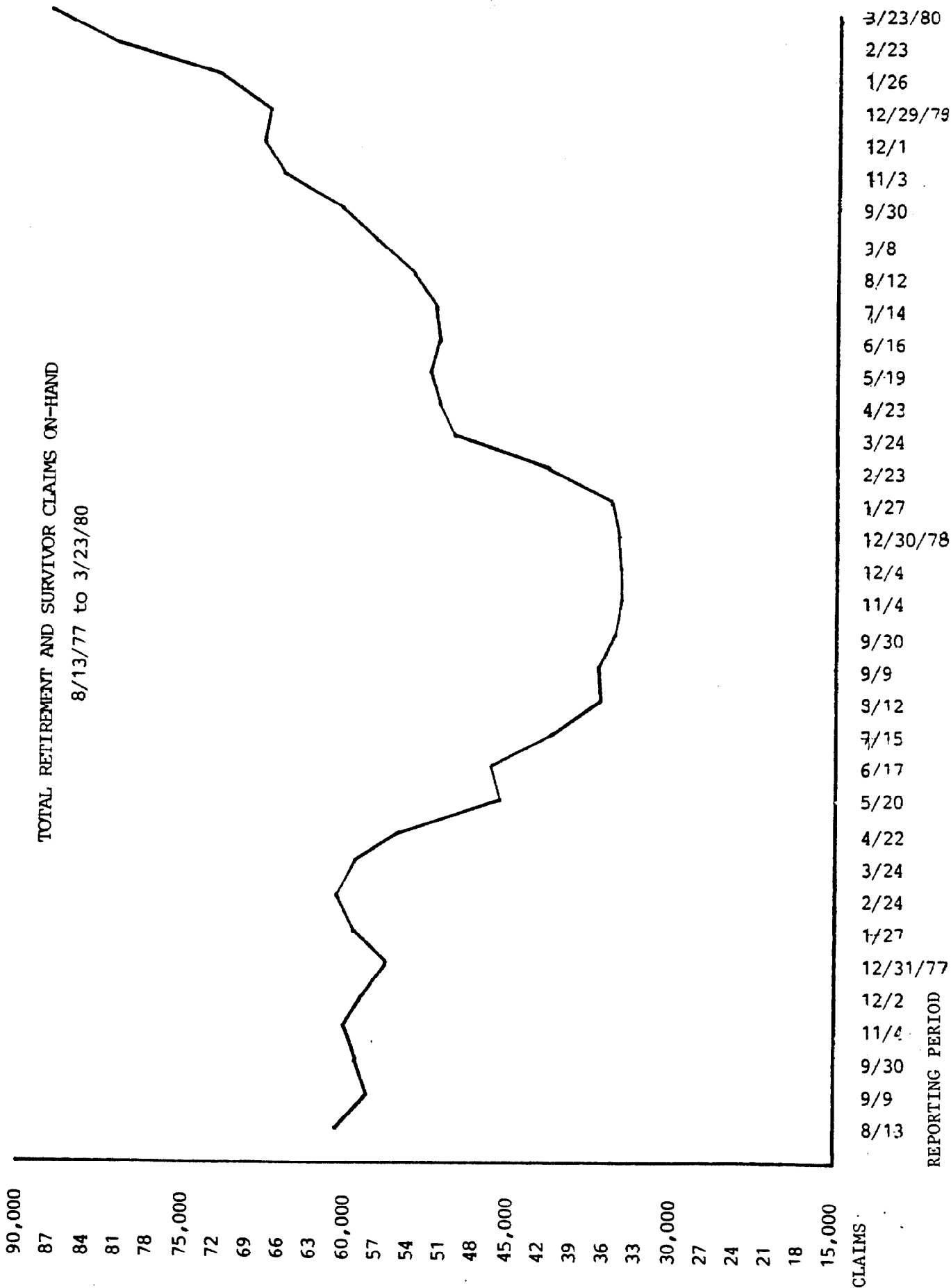
In summary, we believe that civil service employees deserve a transition from employment to retirement that is as uncomplicated and free of financial worry as possible. Survivors of these employees should not be required to live for long periods without the financial benefits to which they are entitled.

It is OPM's responsibility to administer a retirement system which accurately and promptly provides earned benefits to former employees and their families. We believe that OPM is fully aware of the magnitude of the problems it is facing and is taking steps that should help. However, more basic changes to refine and speed up the process are needed. We will continue to explore these possibilities and hope to be able to make some meaningful recommendations for change in our final report.

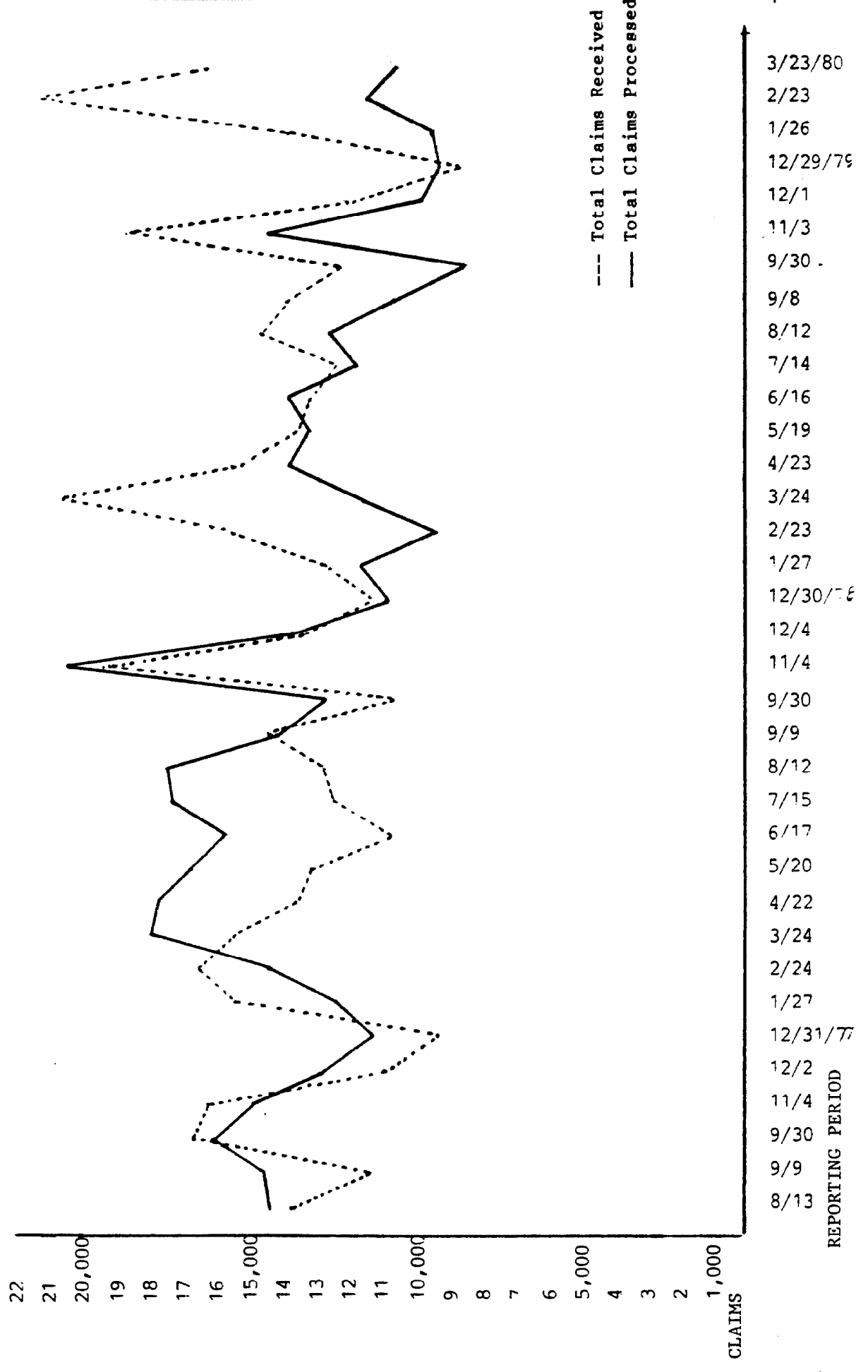
That concludes my statement, Madam Chair. My colleagues and I will be pleased to answer questions.



TOTAL RETIREMENT AND SURVIVOR CLAIMS ON-HAND  
8/13/77 to 3/23/80

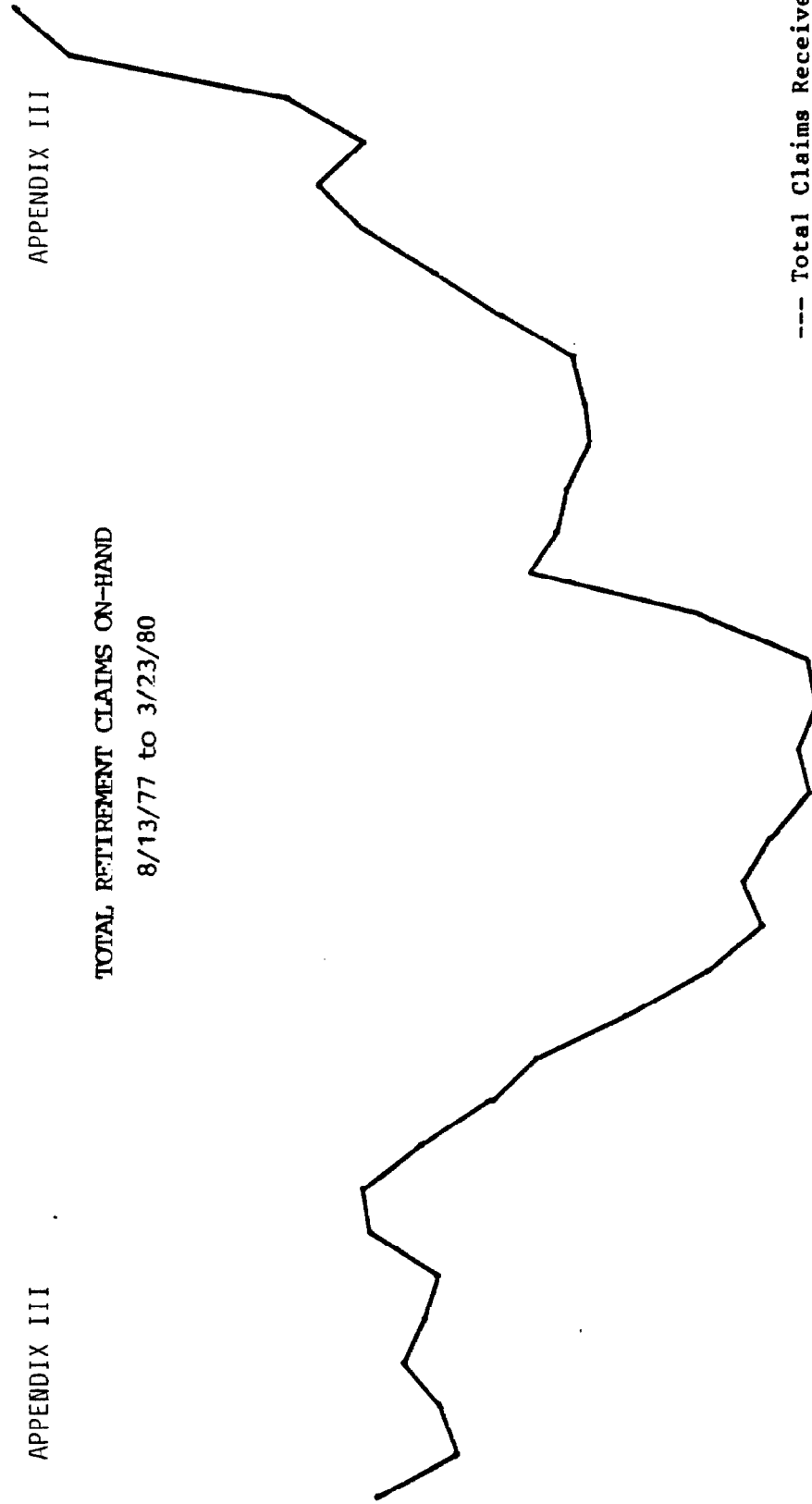


TOTAL RETIREMENT AND SURVIVOR CLAIMS  
RECEIVED AND PROCESSED  
8/13/78 to 3/23/80



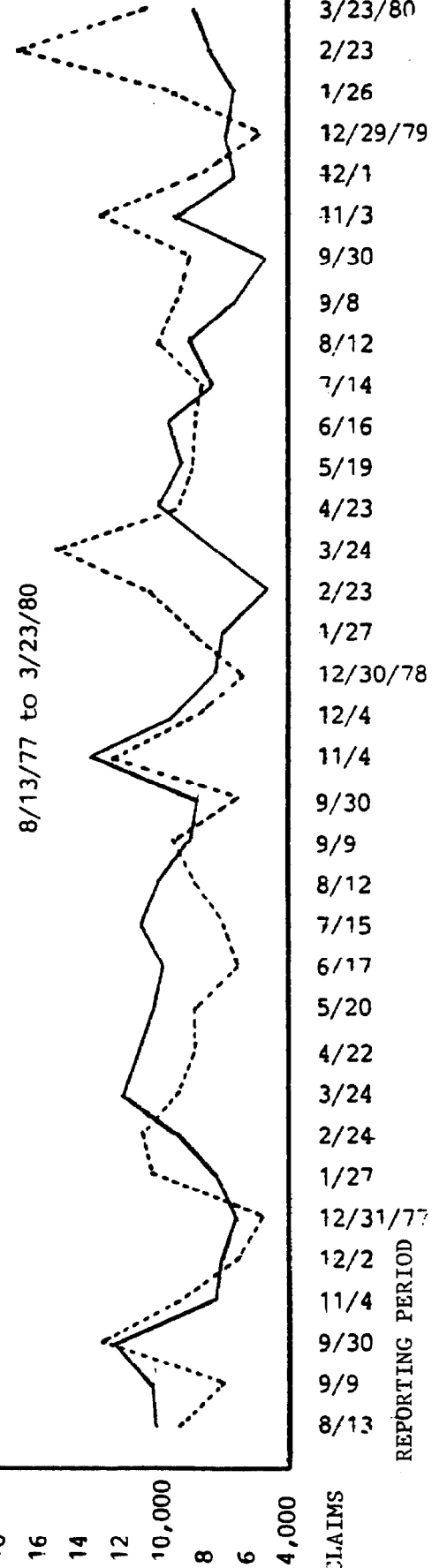
TOTAL RETIREMENT CLAIMS ON-HAND  
8/13/77 to 3/23/80

58,000  
56  
54  
52  
50,000  
48  
46  
44  
42  
40,000  
38  
36  
34  
32  
30,000  
28  
26  
24  
22  
20,000  
18  
16  
14  
12  
10,000  
8  
6  
4,000



--- Total Claims Received  
— Total Claims Processed

TOTAL RETIREMENT CLAIMS RECEIVED AND PROCESSED  
8/13/77 to 3/23/80

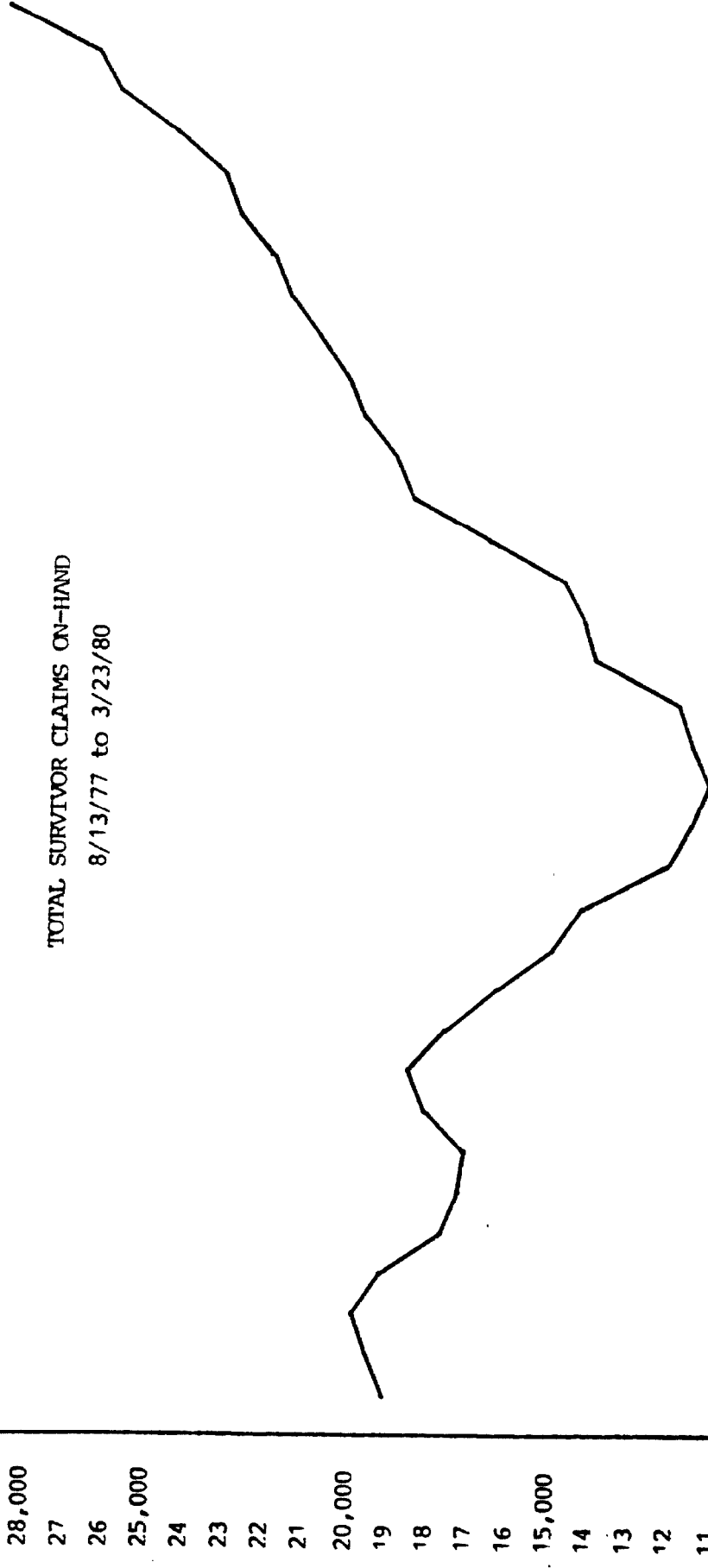


3/23/80  
2/23  
1/26  
12/29/79  
12/1  
11/3  
9/30  
9/8  
8/12  
7/14  
6/16  
5/19  
4/23  
3/24  
2/23  
1/27  
12/30/78  
12/4  
11/4  
9/30  
9/9  
8/12  
7/15  
6/17  
5/20  
4/22  
3/24  
2/24  
1/27  
12/31/77  
12/2  
11/4  
9/30  
9/9  
8/13

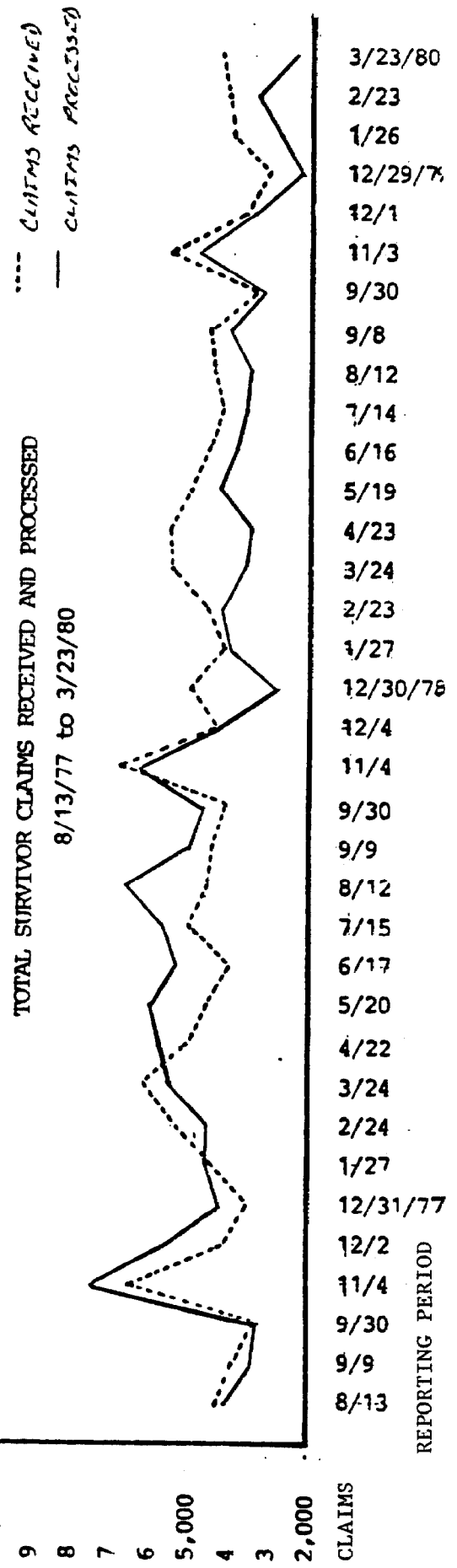
CLAIMS

REPORTING PERIOD

TOTAL SURVIVOR CLAIMS ON-HAND  
8/13/77 to 3/23/80

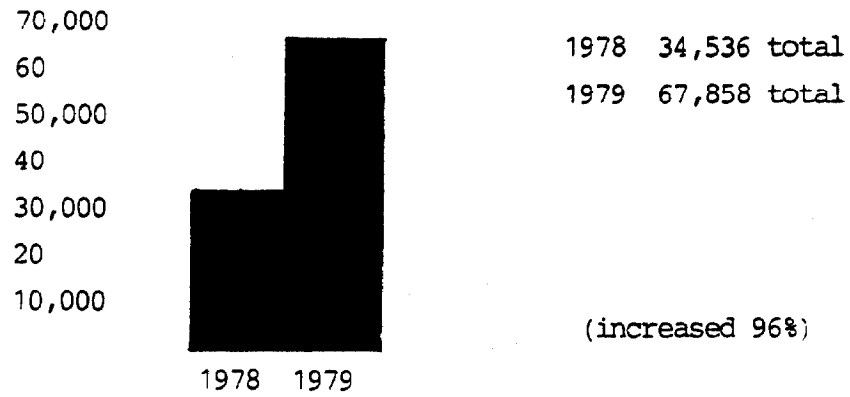


TOTAL SURVIVOR CLAIMS RECEIVED AND PROCESSED  
8/13/77 to 3/23/80

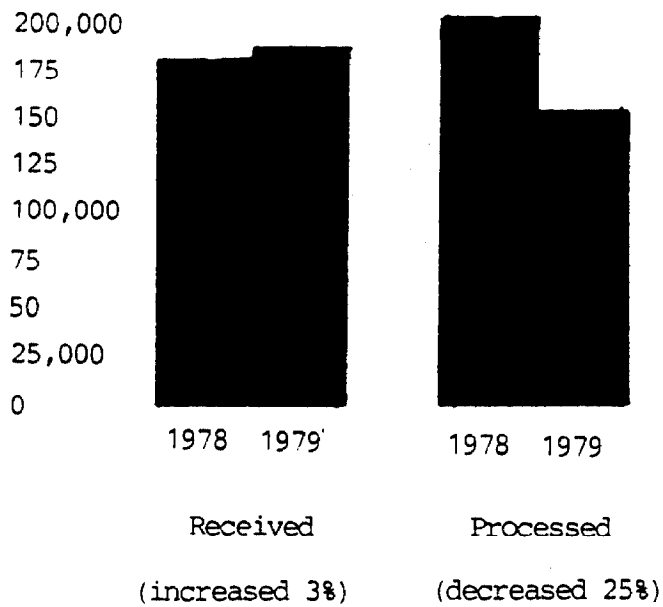


REPORTING PERIOD

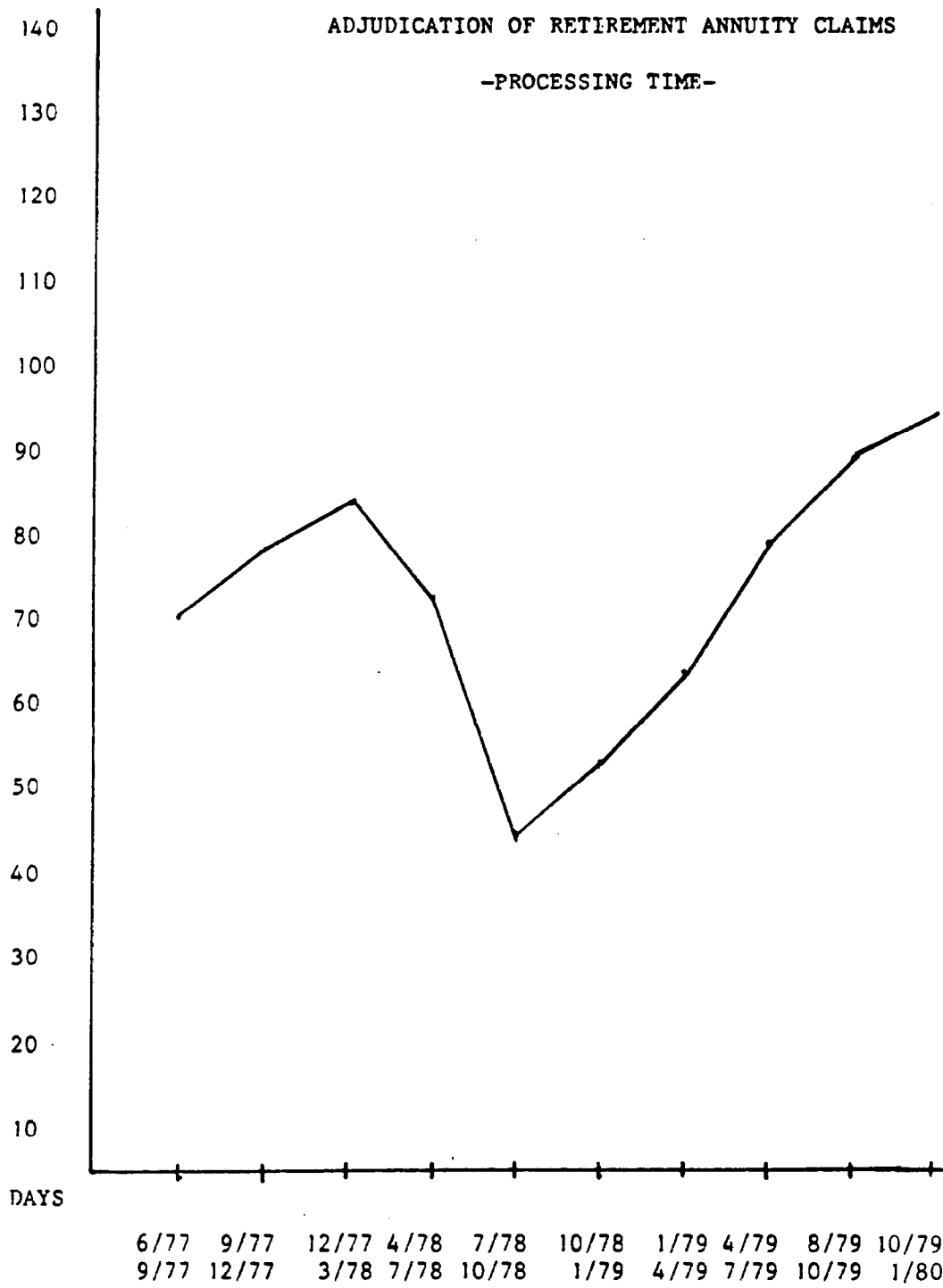
TOTAL RETIREMENT AND SURVIVOR CLAIMS ON-HAND  
1978 and 1979



TOTAL RETIREMENT AND SURVIVOR CLAIMS  
RECEIVED AND PROCESSED  
1978 and 1979



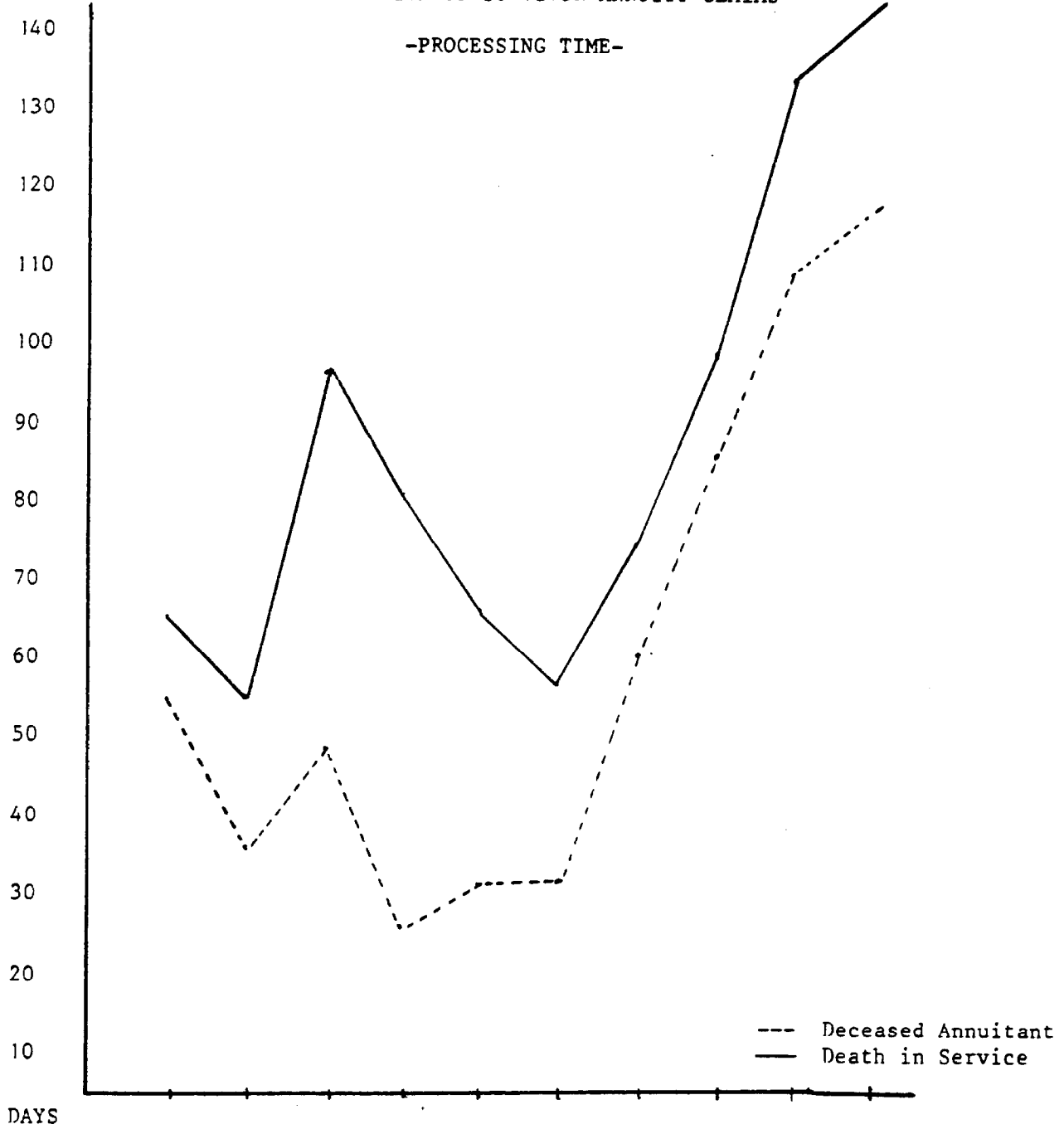
1978	179,320	200,397
1979	185,079	151,242



6/77 9/77 12/77 4/78 7/78 10/78 1/79 4/79 8/79 10/79  
 9/77 12/77 3/78 7/78 10/78 1/79 4/79 7/79 10/79 1/80

ADJUDICATION OF SURVIVOR ANNUITY CLAIMS

-PROCESSING TIME-



6/77 9/77 12/77 4/78 7/78 10/78 1/79 4/79 8/79 10/79  
9/77 12/77 3/78 7/78 10/78 1/79 4/79 7/79 10/79 1/80

SAMPLE TIME PERIODS