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The Social Security Disability Insurance Program was established in 1954 to prevent the erosion of retirement benefits of wage earners who become disabled and were prevented from continuing payments into their Social Security account. A claimant can apply for disability benefits at any Social Security district or branch office. The determination of an applicant's disability is made by a State agency, but the costs incurred in making disability determinations are borne by the Federal Government. The Federal-State relationship is an impediment to improving the administration of the program, and the disability determination process should be brought under complete Federal management. The quality and uniformity of disability decisions suffer because the Social Security Administration (SSA) has not corrected weaknesses reported in an earlier report. So far, the SSA has not: provided timely, clear, and concise criteria and guidelines for States to use in making disability determinations; assured that uniform training was provided to State agency employees; or assured that an effective quality assurance system is properly implemented. The Secretary of Health, Education, and Welfare should develop a plan for strengthening the disability determination process by bringing it under complete Federal management. In the interim, SSA should: assure that clear, concise criteria and guidelines are provided for use in making disability determinations; provide uniform training for those making the determinations; and assure that the quality assurance system is properly implemented. (RRS)

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STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
THE SOCIAL SECURITY ADMINISTRATION'S
MANAGEMENT OF THE DISABILITY
PROGRAMS

Mr. Chairman and members of the Subcommittee, we are pleased to appear today to discuss our ongoing review of the Social Security Administration's (SSA's) management of the disability programs. This review was undertaken in response to your request of January 5, 1977.

The Social Security Disability Insurance Program was established in 1954, under Title II of the Social Security Act, to prevent the erosion of retirement benefits of wage earners who became disabled and were prevented from continuing payments into their Social Security account. In 1956, the program was expanded to authorize cash benefit payments to the disabled.

Title XVI of the Social Security Act established the Supplemental Security Income (SSI) Program to provide cash assistance to needy aged, blind, and disabled persons. Effective January 1, 1974, the program replaced the former grant-in-aid State-administered programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled. The SSI program is intended to provide a minimum income for eligible persons using nationally uniform eligibility requirements and benefit criteria.

A claimant can apply for disability benefits at any Social Security district or branch office. Applications are

processed by claims representatives who interview the applicant and prepare medical history and disability reports.

The determination of an applicant's disability is made by a State agency whose primary function is to develop medical, vocational, and other necessary evidence and then evaluate it and make a decision. The State agency uses the medical history and disability report prepared by the Social Security district and branch offices to determine what additional information must be obtained to fully develop a claim so that a decision can be made. The criteria used for making the disability determination and guidelines for developing and processing claims are furnished to the State agency by SSA.

The State agencies carry out the disability determination process under agreements with the Department of Health, Education, and Welfare. The costs incurred in making disability determinations are borne by the Federal Government.

Unlike grant-in-aid programs, the Federal-State relationship is a contractual one requiring no implementing State legislation. State laws and practices control many administrative aspects of the disability determination process because the personnel involved are State employees and are controlled by various departments of State government.

Between fiscal years 1972 and 1977 (title XVI became effective in 1974), the number of claims, the amount of

benefits paid, and administrative costs of the two programs increased significantly. Beneficiaries increased from about 3.1 million to about 6.7 million, benefits paid increased from about \$4.0 billion to about \$14.0 billion, and administrative costs of the State agencies increased from about \$68.2 million to about \$254.2 million. The number of State agency employees increased from 4,400 to 9,400 (see Attachment I).

Our review, which we are now completing, was primarily directed at determining (1) whether the present Federal/State arrangement lends itself to or is an impediment to bringing about necessary changes to improve the disability determination process, and (2) the efficacy of actions proposed and/or taken by SSA to improve the weaknesses in its quality assurance system discussed in our report to you dated August 17, 1976. 1/ We also followed up on the status of other recommendations in that report.

Our review was conducted at SSA headquarters in Baltimore, Maryland; six selected SSA regional offices, and

1/ The Social Security Administration Should Provide More Management and Leadership in Determining Who Is Eligible for Disability Benefits (HRD-76-105)

seven State agencies. 1/

The most important step in the disability determination process is determining whether a claimant is disabled and that determination is usually made by the State. Accordingly, every claim approved by the State commits either large amounts of trust funds for disability insurance or general revenue funds for SSI. SSA estimates that, on the average, each approved disability claim results in the eventual payment of \$29,000 in disability insurance benefits.

Under the existing Federal/State arrangement SSA cannot exercise adequate managerial control of the activities of the State agencies. This circumstance, together with SSA's failure to correct other weaknesses in the disability determination process, provides no assurance that uniformity and efficiency will be achieved in these ever growing, very expensive programs.

THE EXISTING FEDERAL/STATE RELATIONSHIP
IS AN IMPEDIMENT TO IMPROVING THE
ADMINISTRATION OF THE PROGRAM

The principal reason for originally establishing the Federal/State relationship was that it was deemed essential that the disability program be linked with an effective vocational rehabilitation program.

1/ SSA regional offices in Atlanta, Denver, New York, Philadelphia, San Francisco and Seattle and State disability determination units in Alabama, California, Colorado, Kentucky, New York, Virginia, and Washington.

However, during the 9 years between 1967 and 1976, only 20,000 workers were reported as rehabilitated and terminated from the disability insurance rolls. During those 9 years the disabled workers on the rolls increased by one million. In addition, many terminations which had been claimed as successful rehabilitations were actually beneficiaries who had medically recovered and returned to work without the services of a rehabilitation agency. Thus, very few--only about 2 percent--of these beneficiaries have been rehabilitated and removed from the disability rolls as a result of efforts by State vocational rehabilitation agencies.

It therefore appears that the principal reason for having the Federal/State relationship is no longer completely valid.

Since the inception of the disability insurance program questions have been raised about the effectiveness and efficiency of the Federal/State arrangement in providing uniform and equitable methods for determining disability. It was questioned by the Harrison Subcommittee 1/ and the GAO as early as 1959, and more recently in reports prepared by your staff. In our August 1976 report, we identified

1/ Special Subcommittee formed to study the SSA Disability Program 1959-60.

several weaknesses in the administration of the disability determination process that could adversely affect the uniformity of decisions. We recommended the Federal/State agreements be reviewed and that revisions be made to clearly define the responsibilities of both SSA and the State agencies consistent with a uniform disability determination process. We pointed out that SSA needed to take a stronger and more active leadership role in its management of the disability program to correct identified weaknesses. We also said that the States should recognize the need for a stronger and more active leadership role by SSA and cooperate in its adoption.

At that time we believed the present Federal/State relationship could work if such actions were taken by SSA and the States.

However, SSA efforts since our August 1976 recommendations to strengthen the present Federal/State agreements have met with little or no success. Many State officials are unwilling to relinquish prerogatives accorded the States under the present agreements such as determining their own organizational makeup, workflow processes and training programs.

Considering the unanswered questions about the effectiveness and efficiency in the Federal/State relationship that has existed for over 20 years, the questionable need for the process to be closely aligned with the State Vocational Rehabilitation activities, the inability of the principals to remedy contractual defects such as clearly defining the responsibilities of the principals, and the need for SSA to have more effective management and control over the disability programs, we now believe the present Federal/State relationship is an impediment to improving the administration of the programs. Accordingly, we now believe that the Secretary of HEW needs to develop, for consideration by the Congress, a plan for strengthening the disability determination process by bringing it under complete Federal management.

We recognize that this action will take time to implement. In the interim, there are other weaknesses in the determination process that must be corrected regardless of whether SSA or the State make the disability decisions. SSA is working in these areas, however, further improvements are needed.

MORE IMPROVEMENT NEEDED IN THE
DISABILITY DETERMINATION PROCESS

The quality and uniformity of disability decisions continues to suffer because SSA has not fully corrected the weaknesses that we reported on in August 1976. SSA agreed with our recommendations and has been working to implement them but more work is needed. So far, SSA has not:

--provided timely, clear, and concise criteria and guidelines for the States to use in making disability decisions.

--assured that uniform training was provided to State agency employees, and

--assured that an effective quality assurance system is properly implemented.

In addition, during our ongoing review we found that SSA had not made sure there was adequate participation of physicians in the disability determination process.

These weaknesses will have to be corrected if there are to be assurances that--to the extent possible--all disability claims can be processed uniformly and efficiently.

Inadequate criteria and instructions

In our August 1976 report we stated that the criteria and instructions provided to the State agencies by SSA to use in disability determinations were often incomplete,

vague, contradictory, time consuming to implement, and subject to divergent interpretations. In addition, the State agencies had been inundated with changes in instructions originating at both SSA headquarters and SSA regional offices and transmitted through a variety of communication channels. This resulted because SSA (1) did not update or revise criteria and instructions on a timely basis, (2) failed to manualize changes in an orderly fashion so that State agencies could have a ready reference, (3) failed to allow enough time for its regional offices and State agencies to review and comment on proposed changes, and (4) did not properly coordinate the issuance of changes by various bureaus within SSA.

As a result, the State agencies had to provide their own interpretations of some instructions and spend excessive time and effort reviewing the various instructions to determine what was current. Thus, with 54 State agencies using their own interpretations of SSA instructions to determine disability, a reasonable degree of uniformity of decisions is difficult if not impossible to achieve.

SSA is working toward correcting these problems but more work will be needed for a satisfactory solution.

Lack of uniform training programs

We reported that the training provided employees of the State agencies varied greatly in form, content, and length. These differences resulted, in part, because the agreement between the Secretary of HEW and the States gave the State agencies the responsibility for developing and providing training for their employees and SSA did not assure that uniform training was provided. As a result, State agency personnel received varying degrees of training on the technical and medical requirements necessary to uniformly and efficiently adjudicate claims.

SSA still has not provided the States with a uniform program for training State agency employees; however, it has made substantial progress toward developing an improved Disability Examiner Basic Training Program. SSA has made extensive efforts to complete this new training package in each of seven program segments. Although there is much work to be done on this package, it is scheduled for release in December 1978. In addition, SSA has replaced outdated portions of the existing "Intrux" training program and distributed to the State agencies: (1) a training package on vocational factors, (2) an orientation package for State agency physicians, and (3) a training resources catalogue.

Most State agency and SSA regional office officials looked favorably upon these efforts, but agreed that a nationwide training program was still needed. In an attempt to fill the void, at least one SSA regional office has developed and now administers a training program for regional and State agency claims examiners.

Quality assurance system still needs improving

SSA has established a three-tier quality assurance system which is supposed to assure uniform application of disability standards. The objective of this system is to (1) identify problems related to individual examiners, State agencies, and the entire disability determination system and (2) provide feedback to the proper levels so that corrective action can be taken. Before this system can function properly and achieve its intended results, it has to be properly established and implemented at all three levels involved--the State agencies and the SSA regional and central offices.

In August 1976, we reported that the quality assurance system was not fully effective. We said that the quality assurance system as implemented, provided little assurance that problems related to the disability determination process were identified and that corrective action would be taken.

Accordingly, the system was not achieving its objective of assuring program uniformity nationwide.

Today we find that the quality assurance system is still not fully effective because:

- the system is not functioning at all levels,
- the feedback from all levels within the system is still inadequate. The trend analysis and special studies intended to correct systemwide problems are still not fully implemented, and
- there is inconsistent application of SSA guidelines and criteria at different levels of review.

SSA has committed substantial resources for implementing an acceptable quality assurance system. We realize it takes time to implement such an undertaking and although progress has been made, much remains to be done.

Need for more participation by medical consultants in determining disability

The agreements between the Secretary of HEW and the State agencies provide that the determination of disability shall be made by a medical consultant and other individual qualified to interpret and evaluate medical reports relating to

physical or mental impairments. But the passing years, ever-changing procedures and instructions and somewhat passive central management by SSA have joined to defeat this provision.

The physician participation in the disability decision-making process varied greatly among State agencies and among physicians within the same State agency. Decisions on the need for additional medical information, interpretations of that data, and the determination of a claimant's disability, are, in many cases, made by claimsexaminers who, while possessing medical training in the disability field, do not have the formal medical training and knowledge of graduate physicians. Physicians' input into the decisionmaking process in the States we visited is in many instances merely a signature on the case before it "goes out the door."

One State agency has independently developed a pilot program which is an alternative approach to making disability evaluations. This program emphasizes more input into the decisionmaking process by medical consultants and is based on the premise that a proper initial decision will reduce errors, processing time, and the number of cases which go through the reconsideration and appeals processes. We believe this approach has merit.

The number of claims that are appealed nationwide, both at the State agency and the Administrative Law Judge levels, leads us to believe that a better job could be done in reaching the original disability decision. If that decision is made on adequate medical information, by individuals possessing the proper medical expertise, it would appear that claimants would receive more equitable treatment and the administrative burden associated with the current number of appeals could be reduced.

In addition, we believe that many of the current problems with the medical criteria could be eliminated with more active input by the medical consultants employed to support the disability program.

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In summary, we now believe that the Secretary of HEW needs to develop, for consideration by the Congress, a plan for strengthening the disability determination process by bringing it under complete Federal management so that SSA can achieve the control it needs to properly manage the disability programs. In the interim, SSA should continue working to (1) assure that clear, concise criteria and guidelines are provided for use in making disability determinations, (2) provide uniform training for those making the disability determinations, (3) assure that its

quality assurance system is properly implemented, and
(4) make sure there is adequate participation by physicians
in the disability determination process.

Until these actions are taken, we do not believe that
uniformity and efficiency will be achieved in these ever-
growing, very expensive programs, nor will the interests
of claimants and taxpayers who support them be fully
protected.

<u>Fiscal year</u>	<u>Disability Programs</u>				<u>Program administration by State agencies</u>	
	<u>Beneficiaries (end of year)</u>	<u>DI Trust Fund</u>	<u>Benefits Paid During Year (billions)</u>		<u>Cost (millions)</u>	<u>Employees (thousands)</u>
			<u>SSI</u>	<u>General Revenue</u>		
1972	3.1	4.0			68.2	4.4
1973	3.4	5.2			80.4	6.3
1974 1/	5.2	6.2	.8		146.8	10.3
1975	6.0	7.6	2.3		206.8	10.1
1976	6.5	9.2	2.6		228.3	9.3
1977	6.7	11.1	2.9		254.2	9.4

1/ Payment of supplementary security income benefits started in January 1974.