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United States Government Accountability Office
Washington, DC 20548

B-298170

May 16, 2006

The Honorable Charles E. Grassley
Chairman
The Honorable Max Baucus
Ranking Minority Member
Committee on Finance
United States Senate

The Honorable William M. Thomas
Chairman
The Honorable Charles B. Rangel
Ranking Minority Member
Committee on Ways and Means
House of Representatives

Subject: *Social Security Administration: Administrative Review Process for
Adjudicating Initial Disability Claims*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Social Security Administration (SSA), entitled “Administrative Review Process for Adjudicating Initial Disability Claims” (RIN: 0960-AG31). We received the rule on May 1, 2006. It was published in the Federal Register as a final rule on March 31, 2006. 71 Fed. Reg. 16424.

The final rule amends SSA’s administrative review process for applications for benefits that are based on whether one is disabled under title II of the Social Security Act or applications for supplemental security income payments that are based on whether one is disabled or blind under title XVI of the Act.

Enclosed is our assessment of SSA’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that SSA complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers,
Assistant General Counsel, at (202) 512-8210.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Greg Zwitch
SSA Regulations Officer
Social Security Administration

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
SOCIAL SECURITY ADMINISTRATION
ENTITLED
"ADMINISTRATIVE REVIEW PROCESS FOR
ADJUDICATING INITIAL DISABILITY CLAIMS"
(RIN: 0960-AG31)

(i) Cost-benefit analysis

The SSA's Office of the Chief Actuary estimates that the final rule will result in increased program outlays over the next 10 years during the transitional period of implementing the new procedures of \$1.427 billion.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Commissioner of SSA has certified that the final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The final rule does not contain either an intergovernmental or private sector mandate, as defined in title II, of more than \$100 million in any one year.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

The final rule was issued using the notice and comment procedures found at 5 U.S.C. 553. On July 27, 2005, SSA published a Notice of Proposed Rulemaking in the Federal Register. 70 Fed. Reg. 43590. In response, SSA received almost 900 comments, the most significant of which are discussed in the preamble to the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule contains an information collection that is subject to review by the Office of Management and Budget (OMB) under the Paperwork Review Act. SSA has submitted the required information to OMB for its review and approval.

Statutory authorization for the rule

The final rule is promulgated under the authority found in titles II and XVI of the Social Security Act.

Executive Order No. 12866

The final rule was reviewed by OMB and found to be an “economically significant” regulatory action.

Executive Order No. 13132 (Federalism)

SSA states that the final rule does not have federalism implications under the order.