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The Social Security Administration Needs To Improve Its Disability Claims Process. HRD-78-40; #164031(4). February 16, 1978. Released February 21, 1979. 18 pp. + 3 appendices (4 pp.).

Report to Rep. Elizabeth Holtzman; by Elmer B. Staats, Comptroller General.

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The Social Security Administration's (SSA's) procedures for processing approved disability insurance claims were reviewed to determine if the process could be improved. The review covered claims processing steps at the Bureau of Disability Insurance and at district offices (DOs) and included an analysis of a sample of 498 approved disability insurance claims processed by 15 SSA district offices.

Findings/Conclusions: The disability claims processing function in district offices has not been effectively managed by the SSA. Forty-six percent of the sample claims reviewed were delayed unnecessarily; the number of claims delayed unnecessarily varied from 10% to 78% at the 15 DOs. Controls designed to assure prompt processing and timely payment of disability claims in DOs and to guard against loss or misplaced files are inadequate and, in some cases, nonexistent. SSA has failed to provide DOs with claims processing standards, to monitor the computer-generated alerts to determine adequacy and usefulness, and to assure that adequate and accurate management information is provided to operating managers. The need for review by SSA headquarters of claims containing conspicuous characteristics is questionable.

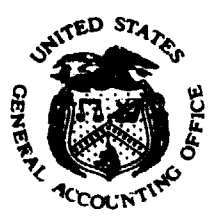
Recommendations: The Secretary of Health, Education, and Welfare should direct the Commissioner of Social Security to: establish district office processing time goals, develop and implement an alert system using meaningful time frames to monitor claims, and develop a management information system using the above controls. The Commission should also: realign the Supplemental Security Income and disability insurance payment input to eliminate undeserved payments, develop and implement special procedures to expedite processing those claims that cannot now be completed by DOs, and determine the feasibility of relocating

**the conspicuous characteristics review in the district offices.  
(RRS)**

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# REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

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## The Social Security Administration Needs To Improve Its Disability Claims Process

The disability claims process needs to be more effectively managed by the Social Security Administration.

Weaknesses in the disability claims process cause lengthy delays in payments of claims and estimated overexpenditures of \$64 million a year in disability payments under the Supplemental Security Income program.

To eliminate these weaknesses Social Security should

- establish uniform claims processing goals,
- develop a system to manage and control claims processing in district offices, and
- realine the payment systems for its disability programs.



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-164031(4)

The Honorable Elizabeth Holtzman  
House of Representatives

Dear Ms. Holtzman:

In response to your August 4, 1975, letter, we reviewed the Social Security Administration's processing of disability claims.

We identified several weaknesses which adversely affect the prompt and accurate payment of these claims and believe that Social Security should more effectively manage its disability claims processing.

At your request, we did not take the additional time to obtain written comments from the Department of Health, Education, and Welfare. The matters covered in the report, however, were discussed with Social Security Administration personnel and their comments are incorporated where appropriate.

As agreed with your office, we are sending copies of this report to the House Committee on Government Operations, the Senate Committee on Governmental Affairs, the House and Senate Committees on Appropriations, the Director of the Office of Management and Budget, and the Secretary of Health, Education, and Welfare. Copies will also be available to other interested parties who request them.

Sincerely yours,  
*James B. Stacks*

Comptroller General  
of the United States

COMPTROLLER GENERAL'S  
REPORT TO THE HONORABLE  
ELIZABETH HOLTZMAN  
HOUSE OF REPRESENTATIVES

THE SOCIAL SECURITY ADMINISTRATION  
NEEDS TO IMPROVE ITS  
DISABILITY CLAIMS PROCESS

D I G E S T

Disabled workers with approved disability insurance claims should expect to receive timely payment of their benefits. However, the Chairman of the Subcommittee on Social Security, Committee on Ways and Means, says that

"\* \* \* A recent survey of congressional offices \* \* \* indicates that slowness in disposing of disability cases is the number one complaint of constituents."

The size and importance of the Federal disability insurance program can be seen from the following:

- In 1976, 948,000 initial disability insurance claims were processed by the Social Security Administration and 449,000, or 47 percent, were approved.
- As of October 1976, 2.6 million disabled workers and about 1.9 million dependents were receiving about \$9.2 billion annually.

GAO analyzed 498 approved disability insurance claims from 15 Social Security district offices for unnecessary processing delays. Of these claims, 227, or 46 percent, were unnecessarily delayed 258 times. Two hundred fourteen delays were due to a lack of action.  
(See pp. 5 to 7.)

Several weaknesses were identified in disability claims processing at district offices such as

- lack of control and accountability,
- no established claims processing standards, and
- 45-day time frames for computer-generated alerts (too long to expeditiously process a claim.)

Processing standards would (1) provide a tool for better supervisory and management control, (2) contribute to accountability for claims processing, and (3) provide a sound basis for acceptable operating reports. (See pp. 7 to 9.)

GAO also looked at the process of sending certain disability awards to Social Security headquarters in Baltimore for review prior to payment. Time spent reviewing these claims is minimal; however, the large volume of cases, the many computer exceptions, and the manual payment procedures which must often be used cause these claims to take longer to process.

The need for this review to be performed at Social Security headquarters is questionable. In response to GAO inquiries, Social Security proposed that a test be made to determine if the district offices could effectively do the review, thereby reducing the time required to process and pay these claims. (See pp. 11 to 12.)

Social Security also administers another disability program, Supplemental Security Income, which pays only claimants whose needs are not met from other sources, such as disability insurance. Accordingly, Social Security encourages claimants to apply for benefits under both programs. In fiscal year 1976, there were about 414,000 Supplemental Security Income disability awards and over half of these were filed concurrently with a disability insurance claim. (See pp. 3 and 14.)

A claimant's entitlement to Supplemental Security Income benefits should be reduced or eliminated once disability payments begin. Although entitlement to both programs can be determined at the same time, input to the payment mechanism cannot be made because the programs are serviced by unlike payment systems. As a result an estimated \$64 million annually in undeserved benefits are paid and most of this amount is not recovered. (See pp. 14 to 16.)

The Secretary of Health, Education, and Welfare should direct the Commissioner of Social Security to adopt a stronger and more active management role in the disability claims process by:

- Establishing district office processing time goals.
- Developing and implementing an alert system using meaningful time frames to monitor claims.
- Developing a management information system using the above controls by which supervisors at each step of the disability claims process can assess their performance.

The Secretary should also direct the Commissioner of Social Security to:

- Realign, as quickly as practicable, the Supplemental Security Income and disability insurance payment input to eliminate undeserved payments, as much as possible.
- Develop and implement special procedures to expedite processing those claims that presently cannot be completed by the district offices.
- Determine the feasibility of relocating the conspicuous characteristics review in the district offices with increased Social Security Administration oversight

activity and a postadjudicative review of claims, as necessary, to assure accuracy. (See p. 18.)

At the Congresswoman's request, we did not take the additional time to obtain written comments from the Department of Health, Education, and Welfare. However, GAO did discuss major findings with Social Security personnel and their views have been incorporated in the report where applicable.



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ABBREVIATIONS

BDI	Bureau of Disability Insurance
DI	disability insurance
DO	district office
DDS	Disability Determination Service
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
SSA	Social Security Administration
SSI	Supplemental Security Income

## CHAPTER 1

### INTRODUCTION

We reviewed the Social Security Administration's (SSA's) procedures for processing approved disability insurance claims (DI) to see if the process could be improved (see app. I). Specifically, we were asked to determine the following:

- The justification for the claims processing function at SSA's Bureau of Disability Insurance (BDI) in Baltimore, Maryland.
- The precautions taken by BDI to insure that a file is not lost and to permit recovery of a file at any stage.
- The amount of time BDI processing takes and whether the process can be expedited.

Our review also covered claims processing steps at SSA's district offices (DOs). In conducting our review, we discussed claims processing policies and procedures with SSA officials and used SSA studies and reports on processing time and delays.

Our review included an analysis of a sample of 498 approved DI claims which were processed by 15 Social Security Administration DOs in California, Florida, Indiana, Kentucky, New York, Ohio, Texas, and West Virginia. In addition we reviewed the responsibilities and functions regarding claims processing at SSA regional offices in Atlanta, Chicago, Dallas, Philadelphia, New York, and San Francisco. We also looked at the effect that title II processing delays have on benefit payments for concurrent DI and Supplemental Security Income (SSI) claims.

On July 12, 1977, the Chairman of the Subcommittee on Social Security, House Committee on Ways and Means, expressed concern over delays in processing disability claims during his introduction of the Disability Insurance Amendments of 1977 (H.R. 8076, 95th Cong.):

"A recent survey of congressional offices which I instituted indicates that slowness in disposing of disability cases is the number one complaint of constituents. \* \* \*" (underscoring provided)

## DISABILITY PROGRAMS

SSA administers two programs under which disabled persons may be entitled to receive benefits. DI, the first of these programs, was established in 1954 under title II of the Social Security Act to prevent the erosion of retirement benefits of wage earners who become disabled and unable to continue payments into their social security account. In 1956 the DI program was expanded to authorize cash benefit payments to the disabled.

To be considered eligible for DI cash benefits, a worker must be fully insured for social security retirement purposes and generally have at least 20 quarters of coverage during the 40-quarter period, ending with the quarter in which the disability began.

Benefits range from a monthly minimum of \$114.30 for an individual and \$171.45 for a family, up to a maximum of \$437.10 for an individual and \$764.90 for a family, respectively. Maximum benefits can be reached only in unusual circumstances.

To facilitate monitoring the costs of the DI program, the Congress established a separate trust fund into which a specified percentage of social security payroll tax receipts are deposited and from which all disability insurance benefit payments and associated administrative costs are disbursed.

SSI, the second program, was established by title XVI of the Social Security Act to provide cash assistance to needy aged, blind, and disabled persons. Effective January 1, 1974, the program replaced the former federally assisted but State-administered programs of Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled. The SSI program, financed from Federal general revenues, is intended to provide a minimum income for eligible persons using national eligibility requirements and benefit criteria. An individual's eligibility for benefits under this program is subject to certain limitations on the amount of income and resources available for their support. Social security coverage is not a prerequisite for eligibility.

The SSI program currently guarantees a monthly income of \$177.80 for an eligible individual with no countable income and \$266.70 per month for a couple.

Disability, as defined under both the DI and SSI programs, is the inability to engage in any substantial gainful

activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months. Substantial gainful activity is any level of work performed for remuneration or profit that involves significant physical or mental duties or a combination of both. Work may be considered substantial even if performed part time and is less demanding, responsible, or pays less than the individual's former work. Presently income of \$200 a month is used as a guideline for substantial gainful activity.

Claimants may be eligible for benefits under both DI and SSI. Under DI there is a 5-month waiting period from the disability onset date before a claimant is eligible for benefits. There is no required waiting period under SSI; once disability is determined, benefits are paid from the date of application. SSI benefits cease or are reduced when the DI benefits are paid.

As of October 1976 2.6 million disabled workers and about 1.9 million dependents were receiving \$9.2 billion annually in DI benefits. In fiscal year 1976 948,000 initial DI claims were processed by SSA; 449,000 of these were approved.

Similarly in fiscal year 1976 there were federally administered SSI payments of about \$2.6 billion made to about 2.1 million disabled and blind persons. There were 895,000 initial SSI disability claims processed by SSA of which 414,000 were approved. More than 50 percent of these SSI awards were filed concurrently with a DI claim.

### CLAIMS PROCESS

Social Security Administration DOs are the initial contact points for disability applicants. DOs are responsible for (1) determining applicant's insured status under DI and developing income and resource data for SSI claimants, (2) preparing medical histories and disability reports, and (3) completing the nonmedical documentation of the claims.

State agencies called Disability Determination Services (DDSs) make the actual determination of disability. DDSs use the medical histories and disability reports prepared by DOs in rendering the disability decisions. DDSs are funded by the Federal Government under contractual agreements with the Secretary of the Department of Health, Education, and Welfare (HEW). SSA provides the criteria used in making the disability decisions.

Once a DI claim is approved by DDS, it is forwarded to the originating DO and final development of the claim is completed. DO either puts the award into the payment system or sends the claim to BDI in Baltimore for further processing. SSA procedures require that most claims which contain one or more factors, conspicuous characteristics, and which are considered more error prone be forwarded to BDI for a prepayment review and payment authorization. About 180,000 claims underwent this review in 1976. The processing time for these claims was longer than for those processed by DO's and often resulted in delays in the initial payment of claimant's benefits.

SSI disability claims are authorized for payment when the DDSs enter their decisions into the payment system. As a result of the program differences and the way that claims are processed for payment, SSI benefits are generally paid sooner than DI benefits.

## CHAPTER 2

### NEED FOR UNIFORM GOALS AND A SYSTEM TO

#### MANAGE CLAIMS PROCESSING IN DISTRICT OFFICES

Workers applying for disability insurance benefits should expect to have their claims processed in a timely manner and receive prompt payment of their benefits. Our review of 498 claims showed that 227 (46 percent) were delayed unnecessarily. The number of claims delayed unnecessarily varied greatly at the 15 district offices reviewed--from a low of 10 percent to a high of 78 percent. These delays resulted from either lack of action or unnecessary development on the part of the DOs.

To eliminate these delays, Social Security Administration needs to establish uniform claims processing goals and to develop a system to manage claims processing in DOs.

#### PROCESSING DELAYS AT DISTRICT OFFICES

DOs process claims in two stages--an initial stage which covers development work necessary so claims can be sent to the Disability Determination Services for the disability decisions and an award stage which covers completion of the DO development work after the DDS decisions have been made.

To assess the timeliness of processing, we reviewed 498 approved DI claims which had been processed by 15 DOs from July 1976 to January 1977. DO managers told us that DO development work on most claims should be completed within 3 days in the initial stage and 7 days in the award stage. In our analysis we were more lenient and increased the time requirement suggested by the DO managers and allowed a 10-day processing time frame in each stage. We considered time taken in excess of 10 days a delay. Each delayed case was discussed with the cognizant supervisor, claims representative, or claims development clerk to determine the reason for the delay. Based on these discussions a decision was made as to whether the delay was either unavoidable or unnecessary.

Using our criteria we found that 347 (70 percent) of the 498 claims we reviewed were delayed, 227 (46 percent) were delayed unnecessarily during the initial and/or award stage, and 120 (24 percent) were delayed for reasons beyond the control of the DOs. Initial processing time averaged 9 days and the award stage averaged 23 days. The number of claims delayed unnecessarily varied greatly at the DOs reviewed--

from a low of 10 percent to a high of 78 percent. The 227 claims were delayed unnecessarily 258 times. Most delays (77 percent) occurred during the award stage and resulted from either lack of action or from unnecessary development, as shown below.

Schedule of Unnecessary Delays

<u>Reason for delay</u>	<u>Stage</u>		<u>Total no. of delays</u>
	<u>Initial</u>	<u>Award</u>	
Lack of action	53	161	214
Unnecessary development	<u>7</u>	<u>37</u>	<u>44</u>
	<u>60 (23%)</u>	<u>198 (77%)</u>	<u>258</u>

Lack of action

Lack of action caused 214 (83 percent of the total) unnecessary delays. Most delays in this category resulted from claims not being promptly forwarded to the next step in the process--DDS or BDI--although all DO development had been completed up to that point. For example one claim was delayed unnecessarily 26 days after receipt of an earnings record. This claim should have been forwarded to DDS for the disability determination immediately after that record was received. Another claim was not forwarded to BDI until 33 days after the disability decision was received--even though no further development was necessary. Fourteen claims were delayed unnecessarily because they were not reassigned to other claims representatives when the original assignee was absent from duty. For example 3 claims at one DO took 37, 42, and 48 days, respectively, to process during the award period because the claims representative was absent from duty on sick leave.

The average DDS processing times for the claims we reviewed varied from 30 to 62 days. It is SSA's policy for DOs to continue nonmedical development of claims while they are at DDSs, if there is a good chance for approval. The local policy at DOs we visited was to develop all claims while they were at DDSs. However, because the local policy was not consistently followed by claims representatives, development did not continue during the DDS processing and many claims were delayed. For example one claim was delayed unnecessarily 39 days because DO waited until it received the DDSs decision before verifying the claimant's earnings for the last quarter worked. This information was needed to establish the award amount and, based on local policy, should



have been obtained while the claim was at DDS. Other claims were delayed because DOs failed to obtain needed documents, such as birth certificates and military discharges, during the DDS processing stage.

### Unnecessary development

Unnecessary development caused 44 (17 percent of the total) of the delays. These delays occurred because DOs developed data or obtained documentation which was not essential to the claim. For example a wage earner's claim, which was ready for payment, was delayed 53 days while DO attempted to develop an auxiliary claim for the claimant's child. According to SSA policy a wage earner's claim should not have been delayed for that reason, if it appeared the delay would last 10 days. Other delays were caused by errors which resulted in additional processing and by waiting for documents which were not needed to process the claim.

We did not find any claims that had to be redeveloped because they had been lost by a DO. However, some delays resulted from claims which had been misfiled. For example one claim which was ready to be sent to DDS could not be located for 42 days. After the DDS decision was received, the claim was again misfiled for 71 days before it was processed--an unnecessary delay that totaled nearly 4 months.

In our opinion although these delays may be categorized into several types of omission of appropriate action or addition of unnecessary action, the prime reason for the delays is inefficient supervision and management.

### LACK OF ADEQUATE CONTROLS OVER DO CLAIMS PROCESSING

#### Need for claims processing goals

In December 1976 SSA established an overall national average processing goal of 80 days for initial DI allowances. This time standard included DO, DDS, and BDI processing times. Each of SSA's ten regions was to develop DO and DDS processing goals that were consistent with national standards.

Seven of the regions adopted an overall processing time standard ranging from 70 to 90 days, while 3 did not adopt any numerical goals. Only one region established a processing goal for the initial stage--90 percent of the claims were to be processed to DDSs in 7 days or less. Only 1 region established a goal for the award stage. It provides for all claims to be processed within 20 days after the DDS decision.

In our opinion there is no assurance that claims are being promptly processed by DOs when national or overall goals are used as the basis for measuring performance. Overall processing time includes the DDS and BDI time over which the DOs have no real control. The average processing time for DDSs for the claims we reviewed varied from 30 to 62 days. This wide variation can result in individual DOs having excessive time to process claims and still meet overall goals. For example, the average processing time for the claims we reviewed at one DO was less than the overall regional goal-- yet 67 percent of the claims we reviewed at DO were delayed unnecessarily. The manager of that DO told us that there was little incentive to improve their processing time because their average overall processing time was less than the regional and national goals.

#### Usefulness of claims processing reports is marginal

SSA has several reports which are supposed to assist the various levels of management in their evaluation and control of the DOs' claims processing. We believe that these reports are not very useful because they lack sufficient data to allow corrective action to be taken in a timely manner. For example a DO weekly workload report shows the number of claims received, cleared, and pending. The pending figure identifies claims that have been in process over 60 days; however, the report is not designed to identify claims that have been in process less than 60 days and which may be delayed unnecessarily in the initial and award stages (see pp. 6 and 7). Similarly, SSA central office reports on DO claims processing show the average overall processing time for individual DOs, the regions, and the nation. This report is also of limited value because it measures average overall processing time and, like the DO weekly workload report, is not designed to identify claims that may be delayed unnecessarily in the various DO processing stages.

As a result of our discussions with SSA representatives, SSA is changing the format of this report to show (1) initial DO time, (2) DDS time, (3) DO award time, and (4) overall time. This change should be an improvement over the old format since it will enable SSA managers at all levels to compare and evaluate the total claims process. In addition the new data will provide a measurement system for the establishment of meaningful DO goals.

SSA also sends computer-generated alert reports to DOs on claims in process 45 days in either the initial or award

stages. These alerts are supposed to either control lost cases or identify claims which may be delayed in processing. About 85 percent of the claims we reviewed were processed in 45 days or less during each of the initial and award stages. As discussed on page 5, although about 46 percent of the claims were delayed unnecessarily, no alerts would have been issued for most of them. We discussed the effectiveness of the alert system with SSA headquarters officials and, as a result, BDI will monitor the alerts, evaluate the time frames used, and, in general, assess the validity of the system.

### Inadequate supervision of claims processing

Without adequate processing goals, there is no uniform criteria upon which to measure individual or DO productivity. In our opinion uniform processing goals for both the initial and award stages would provide for better control and accountability over claims processing and provide tools for managers, at all levels, to evaluate DO performances. Such a system should emphasize more review and management by supervisors at all steps of the claims process to eliminate the types of unnecessary delays discussed on pages 6 and 7.

Most DO managers and supervisors do not routinely review the claims being processed. Claims review by DO management was only done at 1 of the 15 DOs we reviewed. That review was done weekly and covered claims which had processing time in excess of 50 days. If there were reviews at other DOs, they were performed by the operating supervisors. The extent of these reviews was generally left to the personal preference of individual supervisors and varied greatly. For example one supervisor only reviewed claims in process over 60 days; another only reviewed those still in process 20 days after the DDS decision; while yet another only reviewed claims still in process 20 days after the date of application.

In our opinion there is a direct relationship between the extent of supervisory review and the number of unnecessary delays identified. Our review showed that DOs whose supervisors exercise the greatest amount of review effort had the lowest percentages of unnecessary processing delays.

### CLAIM DELAYS NOT CAUSED BY DOs

Of the 498 claims we reviewed, 120 (24 percent) were delayed for causes beyond the control of the DOs. Ninety of these claims were delayed for factors beyond the control of SSA, such as (1) the need to establish representative payees for claimants incapable of handling their own affairs and

(2) the failure of claimants to cooperate in the development of their claims. The remaining 30 claims were delayed an average of 24 days while DOs waited for earnings records from the SSA central office. The insured status of these claimants was questionable, usually because of the inability of the claimant to produce satisfactory evidence of a work history.

## CHAPTER 3

### JUSTIFICATION OF THE CLAIMS REVIEW

#### PROCESS AT BDI IN BALTIMORE IS QUESTIONABLE

Social Security Administration procedures require that most claims, which contain one or more factors called conspicuous characteristics, be forwarded to the Bureau of Disability Insurance (BDI) in Baltimore for a prepayment review and payment authorization. In fiscal year 1976 about 180,000 claims underwent this review. The actual time spent reviewing these claims is minimal. However, because of several factors, such as the sheer volume of cases, the many computer exceptions, and the manual payment procedures which often must be used, these claims take much longer to process. In January 1977 they took an average of about 67 days longer than those processed by the district offices. This time has been significantly reduced since we expressed our concerns to SSA and, by August 1977, it had been reduced to about 35 days.

The need for this review to be performed at SSA headquarters is questionable. In response to our inquiries, SSA is making a test to determine if DOs can effectively perform the review and further reduce the time required to process and pay these claims.

SSA also agreed to review the continuing validity of the conspicuous characteristics used in the DI program.

#### ORIGIN OF CONSPICUOUS CHARACTERISTICS

The Bureau of Retirement and Survivors Insurance originated the concept of conspicuous characteristics as a result of a study it conducted in 1971. That Bureau concluded that claims with these characteristics were more difficult to develop and, therefore, should be reviewed at a higher level. BDI adopted this concept in 1973 based on a study which demonstrated that the characteristics as a group were error prone, but which made no analysis of the individual characteristics or their applicability to the disability program. A list of the 20 conspicuous characteristics used by BDI is included in appendix II.

#### LACK OF JUSTIFICATION FOR THE BDI REVIEW

In August 1976 we met with BDI officials to discuss the need for their review of claims containing conspicuous

characteristics. They were unable to provide us data concerning the significance, number, or type of errors that had been identified by their review. BDI officials agreed to study the validity of this review. While BDI was conducting this study, it became apparent that the review of claims in Baltimore not only delayed the payment of claimants' initial DI benefits, but also contributed to significant overexpenditures of SSI benefits when claimants filed concurrently for benefits under both programs. (See ch. 4.) Accordingly in January 1977 we wrote to the Commissioner of Social Security suggesting that payment processes for the DI and SSI disability programs be combined and DOs be allowed to authorize the payments for most claims, as a possible solution to both problems. Also if BDI's review was necessary, we suggested that it be done postadjudicatively.

In July 1977 the Commissioner responded to our January letter. He advised us that rather than implement a post-adjudicative review of claims containing conspicuous characteristics, SSA will test a change in the review to an online, prepayment review in DOs with a postadjudicative sample review of cases by BDI. The postadjudicative review will allow BDI to assess DO performance and the continuing validity of the conspicuous characteristics. In addition SSA would institute special procedures under which DOs would conduct these reviews and make timely systems payment input. By changing the location of the review, SSA estimates that DOs would be able to make systems payment input for about 80 percent of all disability insurance cases and significantly reduce the time to process those cases. In the remaining 20 percent of the cases where DOs cannot make payment because of certain computer limitations, SSA proposes to have DOs route these cases to BDI for necessary systems input under special procedures. SSA believes this special handling, together with the DO payment input on the majority of cases, should reduce the processing time on all DI claims to the maximum extent possible. SSA also believes that these new procedures could be implemented early in 1978 if the test is successful. Subsequently on September 27, 1977, the Commissioner sent SSA's "Major Initiatives Tracking System" and 18-month operating plan to the Secretary, HEW. The SSA plan's number one objective states in part:

"\* \* \* SSA will test a procedure for triggering the payment of all allowed claims in the district offices; conspicuous characteristics allowances will be reviewed and adjusted, if necessary, in BDI afterward. \* \* \*"

This test and the evaluation is scheduled to be completed by the first week in April 1978, but actual implementation of the new procedures, if undertaken, will take far longer.

We believe SSA's proposed new procedures, if properly implemented, should go far toward reducing the time required to process and pay approved DI claims containing conspicuous characteristics. Also the procedure of most claims remaining in DOs until they are completed will minimize their being lost in transit or before they are paid and should make it easier to recover most files during any stage of the process.

We believe SSA should make every effort necessary to implement its proposed new procedures as early as possible. SSA should also continue to direct efforts toward eliminating system limitations that preclude DOs from making systems payment input on about 20 percent of DI claims.

## CHAPTER 4

### NEED FOR SSA TO ELIMINATE DUAL

#### BENEFIT PAYMENTS ON CONCURRENT DISABILITY CLAIMS

Section 1611(e)(2) of the Social Security Act (42 U.S.C. 1382 (supp. V, 1975)) requires an SSI claimant who has been notified of likely eligibility to take all appropriate steps to apply for, and if eligible, to obtain any payments that he might be entitled to, including disability insurance benefits.

This requirement was intended to insure that all sources available to meet a claimant's current needs are used in order to minimize the drain on general revenues by the SSI programs. The Committees of the Congress, considering legislation authorizing Supplemental Security Income payments, stressed that the program should pay people only to the extent that their needs are not met from other sources, such as DI. Therefore, once a beneficiary begins to receive DI, entitlement to SSI should be reduced or eliminated. Accordingly SSA encourages disability claimants to apply for benefits under both the DI and SSI disability programs. In fiscal year 1976 SSA processed about 948,000 initial disability insurance claims and approved 449,000. Of these approved claims, about 234,000 were concurrent. Therefore, more than 50 percent of all DI awards were part of a concurrent claim. While SSA is usually able to determine a claimant's entitlement to both programs' benefits simultaneously, it is unable to process the payments at the same time. As a result claimants receive benefits covering the same period from both programs.

We estimate that about \$64 million in SSI disability benefits are paid annually to claimants who subsequently receive DI benefits covering the same period. About \$33 million of these payments are classified as overpayments and are subject to collection or waiver procedures. Current SSA figures show that approximately 50 percent of SSI overpayments are waived. Attempts are made to collect the remainder, with about 60 percent being collected. SSA considers the remaining \$31 million to be proper payments in accordance with prescribed regulations and not subject to collection.

#### HOW DUAL BENEFITS RESULT

Claimants have to wait 5 months after they become disabled before they are eligible for DI benefits. Under the SSI disability program, claimants' eligibility starts with



the date of application. Benefit payments for the SSI portions of concurrent disability claims are authorized by the Disability Determination Services when their determinations of disability are entered into SSA's system. The DI portion is returned to DO, which either authorizes payment or sends it to the Bureau of Disability Insurance for review and payment authorization. Accordingly claimants generally receive benefit payments from SSI sooner than they receive them from DI because of the different waiting periods and payment input processes. This is especially true when the DI portion of the claim contains conspicuous characteristics and must be reviewed by BDI headquarters.

The following hypothetical situation further demonstrates how these dual payments occur. A claimant filed concurrent claims on April 1, 1977. On May 12, 1977, DDS rendered its decision which established that the claimant was disabled and the onset date of disability was November 1, 1976. Thus, the claimant would receive SSI disability benefits retroactive to his date of application on April 1, 1977. Since the claimant had already met the 5-month waiting period requirement for DI (Nov. 1976-Mar. 1977), he would also be eligible for DI benefits starting April 1, 1977. However, the DI portion of the claim contained a conspicuous characteristic and BDI did not authorize the claim for payment until July 10, 1977. At that time the claimant would receive DI benefits retroactive to April 1, 1977, which would cover the same period for which SSI disability benefits had been paid, and he would begin receiving monthly DI benefits in August 1977. The claimant would continue to receive SSI disability benefits until the end of September 1977. At this time the SSI benefits would be either reduced or eliminated, depending on the amount of DI benefits.

In 20 CFR 416.537, an overpayment is defined as "\* \* \* payment of more than the amount due for any period. \* \* \*" The Federal Regulations also provide that the period for determining the amount of an overpayment is the quarter in which the income causing the overpayment is received. Since in the example the DI payment was received in August, SSA would consider the SSI benefits paid in the July through September quarter as overpayments and would take action to collect them.

SSA would not consider the SSI payments from April to June (the prior quarter) as overpayments and no action would be taken to identify or collect them. The number of months in which these dual benefits are paid on an individual claim depends on how long it takes to process the awards for both the DI and SSI disability portions of a concurrent claim.

SSA'S PLANS TO CORRECT DUAL  
PAYMENT PROBLEMS

The Commissioner advised us in his letter dated July 11, 1977, that SSA has designated a task force to realine the DI payment process so that DDSs' systems payment input can be made simultaneously for both programs to the maximum extent possible. He said this realignment will insure that payment for the vast majority of concurrent DI and SSI disability claims can be made at the same time. Such action will allow SSA to consider a claimant's DI benefits in computing his eligibility for and the amount of SSI disability benefits to be paid. The Commissioner also stated that there would be some number of DI claims which will continue to be adjudicated after their SSI counterparts--for example, those claims with systems exceptions and exclusions that require payment input by BDI.

The Commissioner also stated that the problem could conceivably be totally eliminated by withholding the amount of any SSI benefits received from initial DI payments, thereby reimbursing the SSI program for those payments that would not have been made had payments been current under both programs. He informed us that SSA plans to explore this approach along with the realignment of the DI payment process as part of a long-term solution to the concurrent DI/SSI disability claims offset problems.

We believe that the Commissioner's proposed actions, if properly implemented and administered, should go far toward reducing the dual payments currently being received by claimants with concurrent eligibility.

## CHAPTER 5

### CONCLUSIONS AND RECOMMENDATIONS

#### CONCLUSIONS

The disability claims processing function in district offices has not been effectively managed by the Social Security Administration.

Our review of 498 disability insurance claims showed that 227 (46 percent) were delayed unnecessarily. The number of claims delayed unnecessarily varied greatly at the 15 DOs reviewed--from a low of 10 percent to a high of 78 percent. These delays resulted either from a DO's lack of action or unnecessary action.

Controls designed to assure prompt processing and timely payment of disability claims in DOs and to guard against loss or misplaced files are inadequate and, in some cases, nonexistent. This has been manifested by SSA's failure to (1) provide DOs with claims processing standards for disability claims, (2) monitor the computer-generated alerts to determine adequacy and usefulness, and (3) assure that adequate and accurate management information, necessary to efficiently conduct the program, is provided operating managers. In response to our inquiries, SSA is currently restructuring its report on DO claims processing to provide the necessary data for establishing controls and evaluating DO performance.

SSA procedures require that most claims which contain conspicuous characteristics undergo a prepayment review and payment authorization at SSA headquarters which substantially delays the processing of claims. The need for this review to be performed at headquarters is questionable. From adoption in 1973 until our review in 1977, SSA made no effort to analyze the conspicuous characteristic concept and its applicability to the disability program or the significance, number, and type of errors that had been identified in the review. In response to our inquiries, SSA is making a test to determine if DOs can effectively perform the review and further reduce the time required to process and pay these claims.

The law requires that the Supplemental Security Income program should pay claimants only to the extent that their needs are not met from other sources, such as DI. Therefore, disability applicants who may be eligible under both SSI and DI are encouraged to file concurrent claims under both programs. However, SSA has not recognized the claimant's eligibility

for DI benefits when deciding benefit levels for SSI payments. Therefore, some SSI recipients have received undeserved moneys, most of which SSA has not recovered. We estimate these over-expenditures to amount to about \$64 million annually.

In response to our inquiry, SSA has designated a task force to realine the DI payment process so that DDSs' systems payment input can be made simultaneously by DDSs for both programs to the maximum extent possible. This realignment will insure that payment for the vast majority of concurrent DI and SSI disability claims can be made at the same time. Such action will allow SSA to consider a claimant's DI benefits in computing his eligibility for and the amount of SSI disability benefits to be paid.

SSA can reduce payment errors and delays by better managing the disability claims process.

#### RECOMMENDATIONS TO THE SECRETARY OF HEW

We recommend that the Secretary direct the Commissioner of the Social Security Administration to adopt a stronger and more active management role in the disability claims processing function by:

- Establishing district office processing time goals.
- Developing and implementing an alert system using meaningful time frames to monitor claims.
- Developing a management information system using the above controls by which supervisors at each step of the disability claims process can assess their performance.

Because of our suggestions to the Commissioner and the proposals outlined in his letter of July 11, 1977, we also recommend that the Secretary direct the Commissioner to:

- Realine, as quickly as practicable, the Supplemental Security Income and disability insurance payment input to eliminate undeserved payments, as much as possible.
- Develop and implement special procedures to expedite processing those claims that presently cannot be completed by DOs.
- Determine the feasibility of relocating the conspicuous characteristics review in DOs with increased oversight activity and a postadjudicative review of claims, as necessary, to assure accuracy.

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**Congress of the United States**  
**House of Representatives**  
**Washington, D.C. 20515**

COMMITTEE ON THE JUDICIARY

COMMITTEE ON THE BUDGET

August 4, 1975

Honorable Elmer B. Staats  
Comptroller General  
General Accounting Office  
441 G Street N.W.  
Washington, D.C. 20548

Dear Comptroller General Staats:

A number of my constituents have brought to my attention a situation concerning the Social Security Administration's Bureau of Disability Insurance which, I believe, warrants investigation by the General Accounting Office.

The Bureau of Disability Insurance (BDI) processes all disability claims which amounts to approximately 20% of the total Social Security Administration's workload; \$7 billion was paid in disability benefits to 3 1/2 million beneficiaries in 1974.

When an individual applies for Social Security disability, the information regarding the applicant's insured status is developed in the local district office. The determination as to eligibility under the federal definition of disability is made on the state level in a state division of disability determination. If the applicant meets the eligibility and disability requirements, the district office prepares the award for payment and forwards the file to Baltimore for processing.

It is unclear as to exactly what constitutes "processing," and it is at this stage that constituents complain their applications for benefits have been lost, misplaced and mishandled. I cite two examples:

Constituent A's file was forwarded to Baltimore on December 26, 1974. When constituent was not notified of a decision by February, my District Office called Baltimore. After a week of phone calls, BDI called the State agency and asked them to have the district office redevelop the case -- BDI could not find it, and admitted they had no idea where it could be.

Honorable Elmer B. Staats

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August 4, 1975

Constituent B was without income or assets and could not work because of a physical disability. She applied for Social Security disability, retirement, and SSI benefits. Her original application for benefits was made in 1972, but she was unable to prove her date of birth. By January, 1973, a birth certificate was obtained and submitted to the district office. Her case was apparently mishandled for two years before she contacted my District Office. Her file was finally located in Baltimore -- BDI said they had denied her claim -- but she never received notification of Social Security Administration's denial.

She filed for reconsideration -- it was lost in Baltimore. She filed again for reconsideration. My Staff Assistant called BDI daily and was told the application was in a --

- 1) Redetermination Unit.
- 2) Award Unit.
- 3) Congressional expedite unit.

The only thing everyone at BDI agreed on was that they couldn't physically get the file. It was only after Commissioner Cardwell's office was called that my constituent received a much-delayed check. When my constituent wished to know what period of time the check covered, no one at BDI could determine what unit issued the check, why it was issued or for what time period.

In the 2 1/2 years that I have been in office, approximately 35 constituents with similar problems have sought my assistance. I, therefore, believe that an investigation is need to determine:

- 1) What is the justification of the Bureau of Disability Insurance's processing function since, to my knowledge, a claim is approved on the local and state level?
- 2) What precautions are taken to insure that a file is not lost, and to permit recovery of a file at any stage?
- 3) How much time does processing take, and can this process be expedited?

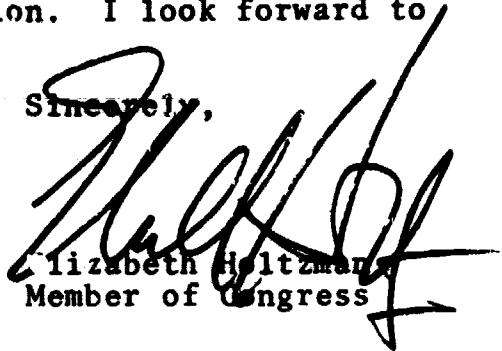
Honorable Elmer B. Staats

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August 4, 1975

I would greatly appreciate your looking into these matters and advising me of your findings. Thank you very much for your consideration. I look forward to hearing from you.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Elizabeth Holtzman". The signature is written over the typed name and title.

Elizabeth Holtzman  
Member of Congress

EH:1fs

CONSPICUOUS CHARACTERISTICS WHICH RESTRICT  
FINAL AUTHORIZATION OF DISABILITY CLAIMS  
BY DISTRICT OFFICES

1. Disallowance, withdrawal, or abatement
2. Adverse claim - a claim which if awarded would defeat entitlement of an earlier approved claimant for the same months.
3. Conditionally adjudicated or unadjudicated claims.
4. Prior claim filed on SSN.
5. Claims containing any of the following:
  - SSA-7000 - Notice of Determination of Self Employment Income
  - SSA-7010 - Notice of Determination of FICA Wages
  - OAR-S30 - Federal Determination of Error in State Wage Reports
  - SSA-746 - Notice to Adjust Earnings Records
6. Claimant represented by an attorney.
7. Representative payee, except parent with custody of minor child or spouse with custody.
8. Posted wages plus self employment income - Earnings record reflects a combination of wages and self employment income.
9. Illegitimate child, other child, or equitably adopted child.
10. Common-law marriage.
11. Material date of birth change.
12. District offices' option to refer case to Payment Center or Bureau of Disability Insurance for authorization.
13. Diagnosis of blindness.
14. Freeze only - Preserves individual's status and amount of benefit from the time he qualified for a period of disability - no award is made.
15. Railroad - Claims in which the wage earner has 10 years of either creditable railroad service or a combination of railroad and military service.
16. Nonstate case - any disability claim which is routed directly from the District office to Bureau of Disability Insurance for a disability determination.
17. Prior entitlement to disability benefits or freeze.
18. Trial work period - any initial claim in which the wage earner is working and a trial work period diary must be established.
19. Disability after retirement or survivors award.
20. Workmen's compensation.



PRINCIPAL OFFICIALS  
RESPONSIBLE FOR ADMINISTERING  
ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<b>SECRETARY OF HEALTH, EDUCATION, AND WELFARE:</b>		
Joseph Califano	Jan. 1977	Present
David Mathews	Aug. 1975	Jan. 1977
Caspar W. Weinberger	Feb. 1973	Aug. 1975
Frank C. Carlucci (acting)	Jan. 1973	Feb. 1973
Elliot L. Richardson	June 1970	Jan. 1973
<b>COMMISSIONER OF SOCIAL SECURITY:</b>		
Donald I. Wortman (acting)	Dec. 1977	Present
James B. Cardwell	Sept. 1973	Dec. 1977
Arthur E. Hess (acting)	Mar. 1973	Sept. 1973
Robert M. Ball	Apr. 1962	Mar. 1973