OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

MEDICAL CONSULTANT CONTRACTS

September 2008 **A-02-07-17050**

AUDIT REPORT

Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- **Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- **Promote economy, effectiveness, and efficiency within the agency.**
- **Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- **Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- **Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- **Independence to determine what reviews to perform.**
- **Access to all information necessary for the reviews.**
- **Authority to publish findings and recommendations based on the reviews.**

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.

SOCIAL SECURITY

MEMORANDUM

Date: September 30, 2008 Refer To:

To: The Commissioner

From: Inspector General

Subject: Medical Consultant Contracts (A-02-07-17050)

OBJECTIVE

Our objectives were to (1) ensure the Social Security Administration (SSA) had appropriate oversight and adequate internal controls over contracts with medical consultants (MC) in Fiscal Year (FY) 2006 and (2) determine whether SSA received the services prescribed in the MC contracts in FY 2006.

BACKGROUND

SSA Regional Offices (RO) contract with MCs, who are physicians and other medical providers (that is, psychologists, speech pathologists, etc.), to review a sample of medical decisions made by State disability determination services (DDS). After a DDS makes a medical determination, sample cases are reviewed by a quality reviewer in SSA's Office of Quality Performance (OQP), Disability Quality Branch (DQB). After DQB's initial review of the sampled cases, it forwards them to MCs. MCs review the medical evidence DDSs used to support their disability determinations. If an MC agrees with the DDS' medical determination, the case is returned to DQB for completion and a letter is sent to the applicant informing them of the determination decision. If the MC disagrees with the determination, the case is returned to DQB for further review.

The Federal Disability Determination Services (FDDS) in SSA's Headquarters was established to assist State DDSs with their workloads. FDDS also develops and reviews SSA's disability policies. In addition to the MCs under contract with the ROs, the FDDS contracts with MCs to evaluate the application of disability policies and procedures, and the development of new medical policies, guides and training.

The Office of Acquisition and Grants, a component of the Office of Budget, Finance and Management, is responsible for SSA procurement and contracting functions. The Office of Acquisition and Grants designates Contracting Officers who are responsible for awarding and administering SSA contracts, including the MC contracts. Once a

contract is awarded, the Office of Acquisition and Grants and OQP/DQB appoint an Agency-authorized representative as the Government Project Officer[1] (PO) to monitor the MC contract's technical requirements, including oversight of the contractor's progress and review of invoices. See Appendix C for further details of Contracting Officer and PO responsibilities. SSA may appoint a task manager in addition to a PO to monitor MC performance. The Office of Finance, also a component in the Office of Budget, Finance and Management, directs SSA's central accounting activities and makes MC contract payments.

In FY 2006, SSA awarded 583 contracts totaling approximately $33.2 million to 478 MCs. To meet our objectives, we examined 22 MC contracts totaling approximately $1.6 million. The 22 MC contracts consisted of 2 from each of SSA's 10 ROs and 2 from the FDDS. Specifically, we

- determined whether the 22 MC contracts in our sample were monitored in accordance with prescribed Federal Acquisition Regulation (FAR) and SSA regulations;
- evaluated the adequacy of internal controls over contract provisions and MC payments; and,
- determined whether SSA received the MC services for which it contracted.

See Appendix B for details of our scope and methodology.

RESULTS OF REVIEW

We found that SSA did not exercise appropriate oversight and ensure proper internal controls for the MC contracts we reviewed. Specifically, the POs did not take steps, or were unable to provide us documentation of the steps they took, to monitor the MCs' performance. Additionally, a few MCs were not in compliance with conflict of interest provisions in the contracts. Since the POs did not complete or document MC performance reviews, we reviewed the MCs' performance and found that, while the MCs completed the medical reviews they were contracted for, many MCs had low levels of productivity. Finally, we found SSA made several inaccurate payments to the MCs.

CONTRACT OVERSIGHT AND INTERNAL CONTROLS

PO Monitoring of MC Performance

According to the FAR, agencies are required to develop quality assurance plans when acquiring a contractor's services.[2] The plans must contain measurable criteria that correspond to the performance standards contained in a contract's Statement of Work

[1] While the term PO was used in the contracts we reviewed and in SSA's related guidance, this position is often referred to as the Contracting Officer's Technical Representative.

[2] 48 C.F.R. § 37.602 (2).

(SoW).[3] The SoW defines the work to be accomplished by a contractor. SSA's policy states the PO is responsible for post-award administrative duties, including monitoring technical performance, conducting quality control evaluations, and maintaining records.[4] Specifically, POs, by review, test, evaluation, and/or inspection, determine the acceptability of MCs' work and should report results to the Contracting Officer.[5]

The 22 contracts in our review contained provisions that stated the POs would monitor MC performance. For 17 of the 22 contracts, the POs reported they evaluated the MCs' performance but were unable to provide us documentation that detailed the steps they completed to do so. For the remaining five contracts, the POs reported they did not conduct any reviews of the MCs' work. These POs stated they did not review MC work, in part, because they were unaware of the need to complete such evaluations, did not receive adequate training to do so, and/or had higher priority projects.

Monitoring MCs' work is an important internal control that allows SSA to determine whether it is receiving the services for which it contracted. While the control was in place, POs for 5 of the 22 contracts did not implement it. Also, while POs for the remaining 17 contracts reported they completed evaluations of the MCs' work, the failure to document the results of their work could lead to an inconsistent monitoring effort. Having the results of previous MC evaluations would help a new PO determine what risks exist, if any, when beginning to oversee the MCs' work.

Other Contract Provisions

Although each RO and Headquarters administered their own MC contracts, the contracts contained many of the same provisions focused on establishing proper internal controls over the contracts and contractors. The internal controls established in the contracts should have helped ensure SSA (1) received the services it required at a fair price by eligible MCs and (2) was properly protected from MC malfeasance. To ensure the internal controls over the contracts were present and operating as intended, we requested that POs provide us the required documentation to meet certain contract provisions. Some of the POs were unable to provide us the documentation requested, which addressed the following contract provisions.

Contract Pricing. Per regulatory guidance,[6] Federal agencies should establish contract prices using a variety of sources and techniques. Selected price methods and reasonableness of contract rates need to be documented. While 14 of the 22 contracts had rates that were based on a documented cost review which we were able to verify, 8 of the contracts were not. For these eight contracts, SSA staff advised us that the

---

[3] *Id*.

[4] Department of Health and Human Services, Project Officers' Contracting Handbook, Section V.

[5] *Id*.

[6] 48 C.F.R. §§ 15.402 (a) (1), 15.403-1 (c) (1), 15.406-2 and 15.406-3.

contract rates were based on prevailing market rates, competitive bids, other RO rates, and/or States' DDS rates; however, they could not provide the related supporting documentation.

Conflict of Interest. The FAR[7] requires that Federal agencies establish any necessary conflict-of-interest provisions in contracts. At SSA, MC contractors are required to attest they will not concurrently provide MC services to a State DDS, as either an employee or contractor, while providing SSA MC services. While the MC contracts contained this provision to protect against conflicts of interest, 3 of the 22 MCs did not have a current conflict-of-interest document on file. While the 22 MCs provided conflict-of-interest assertions when initially contracted as MCs, the POs did not ensure the statements were updated per contract requirements for the 3 noted MCs. Additionally, we identified five MCs in Regions 2, 4 and 7 who were allowed to assist State DDSs, in a limited capacity, with their medical determinations, despite being solely contracted to perform SSA medical reviews.

Suitability Determination Letter. Per SSA requirements,[8] SSA's Protective Security Suitability Officers are required to conduct a background check of potential contractors and renew suitability of contractors as needed. Ensuring contractor suitability minimizes risks to SSA employees, records, and facilities through strict facility access controls. Of the 22 MCs, 4 did not have suitability determination letters on file. Rather, each of the four MCs had suitability determination letters on file for other contracts, one dated as long ago as May 21, 1997. SSA's Protective Security Suitability Officer informed us these four MCs should have had their suitability statuses updated.

Liability Insurance. SSA requires that MCs provide proof of their liability insurance when (1) the MC is operating as a business entity and (2) the MC contract contains the business liability insurance provision found in FAR 52.228-5.[9] Once obtained, the insurance certificate should be provided as evidence of coverage. Two of the 22 MCs operated as business entities, rather than individuals, and did not have their liability insurance certificates on file with SSA. One PO stated he was unaware of the need for liability insurance when an MC operates as a business entity. The other PO stated the MC had signed the contract as an individual and was unaware the MC was subsequently operating as a business entity.

Of the 22 contracts reviewed, 12 lacked supporting documentation in at least 1 of the 4 areas noted above. (Please see Appendix D for a chart detailing which contracts lacked documentation for each of the four contract provisions discussed above.) Also, POs and Contracting Officers responsible for contracts in Regions 2, 4, 10 and Headquarters did not fully meet other overall contract requirements and/or policies. For

[7] 48 C.F.R. § 9.504.

[8] SSA, Administrative Instructions Manual System, MRM 04.57.

[9] 48 C.F.R. § 52.228-5.

example, the POs' training certificates were not on file for Regions 2, 4, and 10. In addition, Region 2 and Headquarters had contracts that did not contain a provision for late penalties for MCs who do not deliver agreed-upon services.

Performance Metrics

While the 22 MC contracts had general provisions for the POs to monitor the MCs' performance, the contracts lacked standardized metrics to measure the MCs' performance. In fact, eight of the MC contracts lacked defined metrics that could be used to measure the MCs' productivity and/or the accuracy of their work. The remaining contracts included metrics, but the metrics varied in type and expected goals despite the MCs being contracted to perform similar medical reviews.

Six contracts contained metrics to measure MC productivity, ranging from 1.1 cases reviewed per hour to 2 cases reviewed per hour, with the most common metric being a minimum of 1.3 cases reviewed per hour. Ten contracts had metrics to measure the MCs' case accuracy, that is, the percentage of cases completed by an MC that were free of error. These contracts required either a 90- or 93-percent case accuracy rate, with the 93-percent case accuracy rate more commonly used. Only Region 8 had both productivity and accuracy metrics in the two contracts we reviewed from that Region. (Further details of quality control evaluation standards and metrics for each contract are provided in Appendix E.)

CONTRACTOR PERFORMANCE

Since POs did not complete, or were unable to provide, documentation detailing the steps they took to monitor the MCs, we determined whether SSA received the services for which it contracted. We found that while the MCs generally completed the contracted medical reviews, most of the MCs did not meet the most common productivity metric within the MC contracts. Only three of the MCs completed at least 1.3 cases per hour. Seven MCs completed less than one-half of a case per hour. Please see the table on the following page.

Contract Number	Region	Number of Cases Reviewed	Hours Worked	Productivity (Cases per Hour)
1	1	1,654	1,488	1.11
2	1	1,533	1,418	1.08
3	2	171	406	0.42*
4	2	1,658	1,026	1.62
5	3	78	839	0.09*
6	3	1,708	2,443	0.70
7	4	33	30	1.10
8	4	972	NA**	NA**
9	5	1,488	2,052	0.73
10	5	1,702	1,153	1.48
11	6	154	187	0.82***
12	6	537	1,200	0.45*
13	7	649	1,804	0.36*
14	7	492	842	0.58*
15	8	857	693	1.24
16	8	368	454	0.81
17	9	16	258	0.06*
18	9	884	634	1.39
19	10	1,524	1,457	1.05
20	10	1,819	1,498	1.21
21	HQ	501	1,229	0.41*
22	HQ	515	1,145	0.45*

*Per the POs, the number of cases used to compute the productivity rate underestimates the total work completed by the contractors. The POs reported that the contractors also completed DDS case reviews, presented training courses for MCs, conducted regional medical advisory duties, and performed other functions besides medical case reviews.

**Contractor paid per case. Hours worked on cases were not measured.

***PO stated that performance issues were verbally addressed and the MC subsequently resigned.

While most MCs did not have high levels of productivity, and POs were unable to document the steps they took to monitor their performance, most MCs received good, excellent, or outstanding ratings by SSA. In fact, one MC who processed less than one-half of a case per hour was given an outstanding rating by SSA. According to guidance,[10] upon PO determination that an MC has fallen below performance standards, a corrective action plan should be developed and implemented. However, we found no corrective action plans in effect for any of the MCs with low productivity.

[10] Department of Health and Human Services, Project Officers' Contracting Handbook, Section V.

MC PAYMENTS

MC contractors are generally paid monthly for their services based on the number of hours worked and/or the number of cases reviewed. Most of the MCs we reviewed were paid by the hour, which included the hours they reviewed cases and the hours they attended allowable meetings and training. A few MCs were paid per case, that is, for the number of cases they reviewed, and paid by the hour when attending allowable meetings and training.

Before making a payment, POs are required to review MC timekeeping records and/or case listings to ensure the charges claimed by the MC are accurate. Once the accuracy of the MC charges is confirmed, the PO initiates the payment process by making an entry into the Regional Medical Consultant Payment System. The Office of Finance makes the actual payments based on entries in the System.

We compared MC timekeeping records and case listings to the Office of Finance payment data to determine the accuracy of the payments made to MCs. We found that not all payments were properly supported, and that some payments were inaccurate. Please see the table below.

Payment Status	Number of Payments
Fully Supported	85
Partially Supported	23
Inaccurate Payment	80
Total	**188**

In total, SSA made 188 payments totaling approximately $1.6 million for work completed in FY 2006 by the MCs we reviewed. SSA was unable to provide us enough documentation, such as timekeeping records, to confirm the number of hours worked to support the accuracy of 23 payments, totaling $230,685.

For another 80 cases, SSA was able to provide us the required documentation, but the payment made was not supportable because of data entry errors in the Regional Medical Consultant Payment System and/or rounding discrepancies with MC timekeeping records. As a result, SSA overpaid 12 MCs $29,003 and underpaid 4 MCs $1,212. Lastly, while 85 of the payments were fully supported, 27 of those payments, totaling $267,997, did not appear to be certified by a PO. All timekeeping and case logs should be certified before payment.

CONCLUSION AND RECOMMENDATIONS

SSA did not have appropriate oversight or adequate internal controls over its contracts with MCs. Specifically, the POs did not take steps, or were unable to provide us documentation of the steps they took, to monitor the MCs' performance. Additionally, a few MCs were not in compliance with conflict-of-interest provisions in the contracts. As a result of weaknesses in SSA's oversight, we reviewed MC performance and found that, while MCs completed the medical reviews they were contracted for, most of the MCs did not meet the most common productivity metric found in the contracts—reviewing a minimum of 1.3 cases per hour. The MC contracts did not have one standardized performance metric to measure MC productivity. Additionally, SSA made a number of unsupported payments to MCs. Accordingly, we recommend SSA:

1. Ensure POs fully understand, and are trained to meet, their oversight responsibilities.

2. Standardize contract oversight procedures and performance metrics in MC contracts to ensure SSA receives the services for which it contracts.

3. Determine if the use of MC assistance to State DDSs violates the conflict of interest contract provision.

4. Ensure MC levels of productivity meet SSA's service needs and address the MCs who fall below expected performance levels per the related contract provision.

5. Ensure the records used to support payments to MCs are complete, accurate and verified before making payments.

AGENCY COMMENTS

SSA agreed with all our recommendations. See Appendix F for the full text of SSA's comments.

Patrick P. O'Carroll, Jr.

Appendices

Acronyms

C.F.R.	Code of Federal Regulations
CO	Contracting Officer
DDS	Disability Determination Services
DQB	Disability Quality Branch
FAR	Federal Acquisition Regulation
FDDS	Federal Disability Determination Services
FY	Fiscal Year
HQ	Headquarters
MC	Medical Consultant
MRM	Materiel Resources Manual
ODCBFM	Office of the Deputy Commissioner for Budget, Finance and Management
OQP	Office of Quality Performance
PO	Project Officer
POMS	Program Operations Manual System
Pub. L. No.	Public Law
RMA	Regional Medical Advisor
RO	Regional Office
SoW	Statement of Work
SSA	Social Security Administration
U.S.C.	United States Code

Scope and Methodology

We reviewed Social Security Administration (SSA) medical consultant (MC) contracts with the objectives to (1) ensure SSA had appropriate oversight and adequate internal controls over contracts with MCs in Fiscal Year (FY) 2006; and (2) determine whether SSA received the services prescribed in the MC contracts in FY 2006. To accomplish our objectives, we:

- Reviewed pertinent sections of the Federal Acquisition Regulation (FAR), *Prompt Payment Act*,[1] SSA Acquisition Regulation System, Program Operations Manual System, and Administrative Instructions Manual System criteria specific to medical consultant contracts.

- Interviewed SSA's Contracting Officers, Project Officers, finance staff and other relevant personnel in Headquarters and each Regional Office (RO) to gain an understanding of MC contracting processes. We also solicited ideas for the improvement of oversight procedures for the MC contracting process through interviews of relevant SSA personnel and review and analysis of our work results.

Selected a sample from the population of MC contracts in FY 2006. In FY 2006, SSA had 583 MC contracts with 478 MCs who completed 289,931 case reviews and were paid about $33.2 million, as follows.

Region	Contracts	Consultants	Cases Reviewed	Dollar Amount
Region 1 (Boston)	55	27	19,939	$1,982,948
Region 2 (New York)	52	36	20,382	$1,767,159
Region 3 (Philadelphia)	26	26	29,116	$2,768,972
Region 4 (Atlanta)	57	41	52,435	$4,508,468
Region 5 (Chicago)	47	47	43,274	$4,638,722
Region 6 (Dallas)	35	32	26,329	$1,499,297
Region 7 (Kansas City)	27	27	18,788	$2,238,464
Region 8 (Denver)	54	31	13,415	$1,544,572
Region 9 (San Francisco)	68	62	27,817	$3,759,843
Region 10 (Seattle)	30	17	10,819	$1,048,360
HQ (FDDS)	132	132	27,617	$7,440,702
Total	**583**	**478**	**289,931**	**$33,197,507**

[1] Pub. L. No. 97-177, 31 U.S.C. § 3901 *et seq.*

Of these 583 MC contracts, we selected a random statistical sample of 22 MC contracts—2 for each Region and Headquarters, which are shown below.

	Region	Contract Number	Dollar Amount
1.	1	06000151002	$57,477.03
2.	1	SS010660006	$57,855.00
3.	2	06000052023	$23,137.49
4.	2	SS020660010	$121,592.23
5.	3	06000253024	$63,057.63
6.	3	SS030460000	$190,263.16
7.	4	SS040660008	$2,126.40
8.	4	06000354015	$81,593.47
9.	5	SS050460012	$156,747.85
10.	5	SS050460018	$145,691.70
11.	6	06000356023	$12,326.22
12.	6	SS060560009	$91,326.11
13.	7	SS070660007	$50,311.93
14.	7	SS070660012	$37,487.15
15.	8	SS080460010	$49,786.20
16.	8	SS080460015	$32,789.03
17.	9	06000159005	$22,744.60
18.	9	SS090662012	$48,093.56
19.	10	06000350006	$113,114.30
20.	10	SS100460000	$116,351.02
21.	HQ	06000260034	$88,478.46
22.	HQ	SS000660093	$27,120.61
Total			**$1,589,471.15**

We obtained the selected 22 sample contracts and all modifications for FY 2006 and determined whether:

- Contracts and modifications were established, maintained, modified, and monitored in accordance with the FAR and SSA regulatory guidance. In particular, we determined the number of contract modifications, how pricing was determined, when prices were last adjusted, provisions for late delivery, and the methods to monitor contract compliance and contractor performance.

- SSA personnel, that is, Contracting Officers, Project Officers and finance personnel, performed contractual duties as required and possessed required training certifications, as needed.

- Contract performance, preparation and approval of modifications, and dispute resolutions were timely.

- Contract security procedures regarding the destruction and disposal of sensitive material, suitability determination letters, liability insurance, personally identifiable information, and instances when violation of security policies can terminate a contract were adequately addressed.

- Costs charged were reasonable and within contract guidelines. We determined whether costs were adequately supported with documentation and whether payments were made timely and accurately. We also reconciled stated contract rates and hours with actual rates paid and hours worked to determine whether payments were proper and hours worked were allowable by contract.

Our tests of internal controls included gaining an understanding of the laws, regulations and policies that govern the Federal contracting procedures necessary to address our audit objectives. Also, we identified the internal controls established by SSA in the MC contracts and determined whether they were implemented and functioning as intended.

We found data used for this audit were sufficiently reliable to meet our audit objectives. We based this determination on initial assessments and additional work in which data provided by ROs and Headquarters were reconciled with data contained in SSA's Streamlined Acquisition System. We compared the contract number, location, period of performance, dollar amount obligated, dollar amount paid and other supporting documents to confirm data provided by the ROs and Headquarters was accurate and complete. Additionally, we held interviews with staff in the Office of Acquisition and Grants and in each RO and Headquarters to determine the adequacy of controls over procedures used to produce data and/or the data itself.

We performed our audit in the New York Audit Division from November 2007 through April 2008. The entities audited were SSA's Offices of Acquisition and Grants and Finance within the Office of Budget, Finance and Management, under the Office of the Deputy Commissioner for Budget, Finance and Management (ODCBFM). Also, SSA's Division of Quality Branch within the Office of Quality Performance (OQP), under the Deputy Commissioner, Quality Performance was addressed by this audit. We coordinated our review results with ODCBFM and OQP personnel. Our audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Contracting and Project Officer Responsibilities

During the planning phase, the Project Officer (PO) leads and the Contracting Officer (CO) operates in an advisory capacity. In the request for proposal, evaluation and award phases, the lead shifts primarily to the CO, with the PO acting largely as an advisor. In the post-award phase, the PO assumes lead responsibility for all functions. Roles and responsibilities of the CO and the PO are outlined below.[1]

Planning Phase	**Lead**	**Support**
Market Research	PO	CO
Identify Requirements	PO	CO
Planning Schedule	CO	PO
Statement of Work	PO	CO
Technical Evaluation Criteria	PO	CO
Special Approvals	PO	CO
Prepare Requisition Form	PO	CO
Request for Proposal Phase		
Synopsis	CO	PO
Prepare Solicitation	CO	PO
Receipt of Offers	CO	PO
Evaluation and Award Phase		
Technical Evaluation	PO	CO
Business Evaluation	CO	PO
Discussions (If Required)	CO	PO
Contract Preparation & Award	CO	PO
Debriefing	CO	PO
Post-Award Phase		
Monitoring Technical Performance	PO	CO
Reviewing Progress Reports	PO	CO
Inspection and Acceptance	PO	CO

[1] Social Security Acquisition Regulation System, Subpart H2301.102-4(c)(1)(i).

Chart Detailing Four Contract Provisions

Some of the Project Officers were unable to provide us documentation to demonstrate adherence with contract provisions on contract pricing, conflict of interest, suitability determination letters, and liability insurance. The information that was not provided is indicated by an "X" below.

Contract Number	Region	Contract Pricing	Conflict of Interest	Suitability Determination Letters	Liability Insurance
06000151002	1				
SS010660006	1				
06000052023	2		X		
SS020660010	2			X	
06000253024	3	X			
SS030460000	3	X			X
SS040660008	4	X			
06000354015	4	X		X	
SS050460012	5				
SS050460018	5				
06000356023	6	X	X		
SS060560009	6	X			
SS070660007	7				
SS070660012	7				
SS080460010	8	X			
SS080460015	8	X			X
06000159005	9				
SS090662012	9				
06000350006	10			X	
SS100460000	10				
06000260034	HQ		X	X	
SS000660093	HQ				
Total		**8**	**3**	**4**	**2**

Medical Consultant Performance Criteria and Metrics

Medical Consultant Performance Criteria by Contract

	Region	Criteria
1.	1	The Contractor's level of performance is monitored and assessed by the Government Project Officer (PO) in consultation with the Disability Quality Branch (DQB) Director and other disability staff within the Region. Productivity is defined as the ability to review case files in a timely fashion. "Timely fashion" is defined as two case reviews per hour.
2.	1	The Contractor is expected to review a minimum of 1.3 cases per hour. The Contractor shall maintain a satisfactory level of quality performance when reviewing disability case files. Before exercising a contract option, the PO will provide the Contractor with a periodic performance report. Quarterly reports measure production and return rates, and ongoing reviews are done of the Contractor's written case review summaries in returned cases. Further, the Contractor must deliver both the minimum required 20 work hours a week and deliver the number of hours issued on individual modifications or delivery orders for a specific time period.
3.	2	A minimum of three randomly-selected cases per month shall be selected for a quality-control evaluation. Maintaining at least a 93-percent accuracy rate in every consecutive 6-month period. Specifically, no more than 7 percent of a contractor's case reviews, selected for quality control review in any consecutive 6 months, shall need correction/revision because the contractor failed to achieve the accuracy standard. The contractor shall have no more than a 7-percent error rate of technical deficiencies in any month.
4.	2	A minimum of three randomly selected cases per month shall be selected for a quality-control evaluation. Maintaining at least a 93-percent accuracy rate in every consecutive 6-month period. Specifically, no more than 7 percent of a contractor's case reviews, selected for quality control review in any consecutive 6 months, shall need correction/revision because the contractor failed to achieve the accuracy standard. The contractor shall have no more than a 7-percent error rate of technical deficiencies in any month.
5.	3	The PO will monitor the acceptability of the medical consultant's (MC) work. The contractor shall maintain a satisfactory quality and productivity level of performance when reviewing and adjudicating disability case files. The contractor's level of performance is monitored and assessed by the PO in consultation with the DQB Director, Regional Medical Advisor (RMA), and other disability staff in the Region. Productivity is defined as the ability to review case files in timely fashion.

	Region	Criteria
6.	3	The PO will monitor the acceptability of the MC's work. Quality and Productivity: The contractor shall maintain a satisfactory quality and productivity level of performance when reviewing and adjudicating disability case files. The contractor's level of performance is monitored and assessed by the PO in consultation with the DQB Director, RMA, and other disability staff within the Region. Productivity is defined as the ability to review case files in timely fashion.
7.	4	Maintaining at least a 93-percent accuracy rate in every consecutive 6-month period. Specifically, no more than 7 percent of a contractor's case reviews in any consecutive 6-month period shall need correction/revision. A minimum of three randomly-selected cases per month shall be selected for a quality-control evaluation. All cases are subject to the evaluation.
8.	4	Maintaining at least a 93-percent accuracy rate in every consecutive 6-month period. Specifically, no more than 7 percent of a contractor's case reviews in any consecutive 6 month period shall need correction/revision. A minimum of three randomly-selected cases per month shall be selected for a quality-control evaluation. All cases are subject to the evaluation.
9.	5	The contractor will maintain the current quality standards as established in the unit. That standard is 90 percent accuracy in case review. Quality will be judged by random or periodic review of cases by the PO. Productivity goals will be set by the PO annually.
10.	5	The contractor will maintain the current quality standards as established in the unit. That standard is 90 percent accuracy in case review. Quality will be judged by random or periodic review of cases by the PO. Productivity goals will be set by the PO annually.
11.	6	A periodic performance report will be provided at least once a year. As a minimum, the physician shall review and assess 1.3 cases per hour. The contractor will be evaluated annually based on Quality, Timeliness of Performance, Business Relations and Customer Satisfaction. Quality information is obtained from reviews conducted by the RMA, Regional Medical Consultant Coordinator, PO and Program Expert on cases completed by the contractor.
12.	6	Not stated in contract.
13.	7	A periodic performance report will be provided annually. The contractor will be evaluated on quality of product, timeliness of performance and business relations.
14.	7	A periodic performance report will be provided annually. The contractor will be evaluated on quality of product, timeliness of performance and business relations.
15.	8	Quarterly performance reports will be performed by the PO. A minimum of three randomly selected cases per month shall be selected for a control evaluation. All cases are subject to the evaluation. As a minimum, the physician shall review and assess 1.3 cases per hour and maintain at least a 90-percent accuracy rate in every consecutive 3 month period. If performance is unsatisfactory, the Contractor may be required to undergo additional training or be terminated.

	Region	Criteria
16.	8	Quarterly performance reports will be performed by the PO. A minimum of three randomly selected cases per month shall be selected for a control evaluation. All cases are subject to the evaluation. As a minimum, the physician shall review and assess 1.3 cases per hour and maintain at least a 90-percent accuracy rate in every consecutive 3 month period. If performance is unsatisfactory, the Contractor may be required to undergo additional training or be terminated.
17.	9	To assess contractor performance, a periodic productivity report will be compiled by the PO on completed case study reviews. After completion of the training program, the contractor is required to maintain a satisfactory productivity level of 1.1 cases per hour for mental specialty reviews and 1.3 cases per hour for physical specialty reviews on cases completed onsite. Because of law and regulation changes, this case rate is subject to minor changes from time to time.
18.	9	After training, acceptable quality, as determined by the PO, is expected of all case review and adjudication for cases done on site and at home.
19.	10	The Contractor Performance will be reviewed by the PO once each year prior to exercising any option and at contract completion.
20.	10	The Contractor Performance will be reviewed by the PO once each year prior to exercising any option and at contract completion.
21.	HQ	Maintain at least a 93-percent substantive accuracy rate in every consecutive 6-month period. If a contractor's substantive or technical accuracy rate falls below the 93-percent level, the PO or PO's authorized representative will develop/implement a corrective action plan to enable the contractor to regain the status of independent reviewer. A minimum of three randomly-selected cases per month shall be selected for a quality-control evaluation. All cases are subject to the evaluation.
22.	HQ	Maintain at least a 93-percent substantive accuracy rate in every consecutive 6-month period. If a contractor's substantive or technical accuracy rate falls below the 93-percent level, the PO or PO's authorized representative will develop/implement a corrective action plan to enable the contractor to regain the status of independent reviewer. A minimum of three randomly-selected cases per month shall be selected for a quality-control evaluation. All cases are subject to the evaluation.

Medical Consultant Performance Metrics by Contract

Contract Number	Region	Productivity Metric	Accuracy Metric
1	1	Two cases reviewed per hour	None defined
2	1	1.3 cases reviewed per hour	None defined
3	2	None defined	93 percent accuracy assessed every 6 months
4	2	None defined	93 percent accuracy assessed every 6 months
5	3	None defined	None defined
6	3	None defined	None defined
7	4	None defined	93 percent accuracy assessed every 6 months
8	4	None defined	93 percent accuracy assessed every 6 months
9	5	Not defined, but contract states the PO will define a metric each year.	90 percent accuracy assessed every 6 months
10	5	Not defined, but contract states the PO will define a metric each year.	90 percent accuracy assessed every 6 months
11	6	1.3 cases reviewed per hour	None defined
12	6	None defined	None defined
13	7	None defined	None defined
14	7	None defined	None defined
15	8	1.3 cases reviewed per hour	90 percent accuracy assessed every 6 months
16	8	1.3 cases reviewed per hour	90 percent accuracy assessed every 6 months
17	9	1.1 (for mental health cases) & 1.3 (for physical health cases) reviewed per hour	None defined
18	9	None defined	None defined
19	10	None defined	None defined
20	10	None defined	None defined
21	HQ	None defined	93 percent accuracy assessed every 6 months
22	HQ	None defined	93 percent accuracy assessed every 6 months

Agency Comments

SOCIAL SECURITY

MEMORANDUM

Date: September 26, 2008 Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: David V. Foster /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General (OIG) Draft Report, "Medical Consultant Contracts" (A-02-07-17050) INFORMATION

We appreciate OIG's efforts in conducting this review. Our response to the report findings and recommendations is attached.

Please let me know if we can be of further assistance. Direct inquiries to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "MEDICAL CONSULTANT CONTRACTS" (A-02-07-17050)

Thank you for the opportunity to review and comment on the draft report. Generally, we agree with your findings and recognize the need for training and/or refresher training in order to strengthen our internal controls as well as our oversight procedures and responsibilities. We concur with the recommendations, and our responses to them are as follows.

Recommendation 1

Ensure the project officers (PO) fully understand, and are trained to meet their oversight responsibilities.

Comment

We agree. During fiscal year (FY) 2009, we will move forward with plans to provide training for the POs to ensure they fully understand and meet their oversight responsibilities.

Recommendation 2

Standardize contract oversight procedures and performance metrics in Medical Consultant (MC) contracts to ensure the Social Security Administration (SSA) receives the services for which it contracts.

Comment

We agree. We plan to establish a baseline contract template, contingent upon our ability to modify the language to meet regional needs. This template will include the conflict of interest language on employment and case reviews. We will develop the template in conjunction with the proposed training as indicated in comment one.

Recommendation 3

Determine if the use of MC assistance to State Disability Determination Services (DDS) violates the conflict of interest contract provision.

Comment

We agree. However, we maintain that we have sufficient internal controls in place and specific language in the MC's contracts to resolve any conflicts of interest. No regional MC works on a case where he/she had any prior involvement in assisting a DDS with the medical review. We will include the conflict of interest language on employment and case reviews in the contract template we plan to develop.

Recommendation 4

Ensure MC levels of productivity meet SSA's service needs and address the MCs who fall below expected performance levels per the related contract provision.

Comment

We agree and will address this in the proposed training in FY 2009 as indicated in comment one. We will hold performance discussions with MCs who are not meeting contract service standards. Contractors who continue to fail to meet contract service standards following performance discussions will have their contracts terminated.

Recommendation 5

Ensure the records used to support payments to MCs are complete, accurate, and verified before making payments.

Comment

We agree and will address this in the proposed training in FY 2009 as indicated in comment one.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Tim Nee, Director, New York Audit Division, (212)264-5295

Victoria Abril, Audit Manager, (212)264-0504

Acknowledgments

In addition to those named above:

Susan Yuen, Program Analyst

For additional copies of this report, please visit our web site at www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-02-07-17050.

DISTRIBUTION SCHEDULE

Commissioner of Social Security

Office of Management and Budget, Income Maintenance Branch

Chairman and Ranking Member, Committee on Ways and Means

Chief of Staff, Committee on Ways and Means

Chairman and Ranking Minority Member, Subcommittee on Social Security

Majority and Minority Staff Director, Subcommittee on Social Security

Chairman and Ranking Minority Member, Committee on the Budget, House of Representatives

Chairman and Ranking Minority Member, Committee on Oversight and Government Reform

Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Committee on Finance

Chairman and Ranking Minority Member, Subcommittee on Social Security Pensions and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.