
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**BEST PRACTICES IN THE
HIGHEST PRODUCING
HEARING OFFICES**

August 2004

A-12-04-14020

AUDIT REPORT



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By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.



SOCIAL SECURITY

MEMORANDUM

Date: August 31, 2004

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Best Practices in the Highest Producing Hearing Offices (A-12-04-14020)

OBJECTIVE

Our objective was to identify potential factors and practices at hearing offices that result in differing levels of performance in the areas of productivity and timeliness.

BACKGROUND

The Office of Hearings and Appeals (OHA) makes decisions on appealed determinations involving retirement, survivors, disability, and supplemental security income. The hearing organization consists of ten regional offices (RO) and 140 hearing offices. Within OHA, the Office of the Chief Administrative Law Judge (OCALJ) administers the nationwide hearings organization. OHA is one of the largest administrative adjudicative systems in the world with approximately 1,000 Administrative Law Judges (ALJ).

According to OHA executives, dispositions¹ per day per ALJ and hearing office processing time² are OHA's key criteria for analyzing hearing office productivity. Since Fiscal Year (FY) 2001, OHA has increased its disposition rate (see Table 1). However, receipts have outpaced dispositions in all 3 FYs. When receipts outpace dispositions, the number of pending claims increase, and it takes longer on average to process a claim. Average processing time was 308 days in FY 2001 and 344 days in FY 2003. This review focused on the best practices for increasing dispositions and meeting the average processing time goal. Total dispositions and average processing time are

¹ Dispositions are defined as the number of hearing requests processed, including favorable and unfavorable decisions issued, as well as requests that are dismissed. See Appendix B for further background on dispositions in hearing offices.

² Processing time is defined as the average elapsed time, from the hearing request date until the date of the notice of the decision, of all hearings level cases processed during all months of the fiscal year. See Appendix B for further discussion on average processing time in hearing offices.

reported yearly in the Social Security Administration's (SSA) Annual Performance and Accountability Report.³

Table 1: Hearing Office Key Indicators¹

| Fiscal Year | Total Receipts | Total Dispositions | OHA Nationwide Dispositions per Day per ALJ | Total Pending | OHA Nationwide Average Processing Time |
|-------------|----------------|--------------------|---|---------------|--|
| 2001 | 554,376 | 465,228 | 2.02 | 435,904 | 308 days |
| 2002 | 596,959 | 532,106 | 2.20 | 500,757 | 336 days |
| 2003 | 662,733 | 571,928 | 2.35 | 591,562 | 344 days |

Note 1: The table includes Medicare cases.

To understand how best practices are being used in the hearing offices, we contacted 12 of OHA's highest producing hearing offices in both dispositions per day per ALJ and processing time. We did not assess internal controls or the impact that best practices had on hearing office effectiveness. Our scope and methodology is detailed in Appendix C. We conducted our audit from August 2003 to April 2004 in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

OHA has released numerous best practice ideas to hearings offices over the years to improve their disposition rates and timeliness. Recent best practice releases have been less useful due to (1) a lack of focus, (2) inability to determine the effectiveness of the best practices in recent memoranda, and (3) conflicting messages. We asked 12 of OHA's highest producing hearing offices, which best practices listed in an earlier OHA memorandum were being used. We discovered that the 12 selected hearing offices use 3 best practices for increasing dispositions and 5 best practices for meeting the average processing time goal.

ISSUANCE OF BEST PRACTICES

OHA has major challenges dealing with an increasing workload. In June 2002, OHA management initiated a process to identify best practices to increase dispositions and meet processing time goals. However, recent efforts at collecting and disseminating the best practices could have provided more meaningful guidance to the hearing offices had the best practices been better focused and more descriptive on how to implement the best practices.

³ See Appendix B for further discussion on SSA's hearing office performance indicators.

Lack of Focus in Recent Memoranda

Numerous best practices in the recent memoranda sent by OHA's Office of Associate Commissioner to OHA's field management team⁴ made it difficult to distinguish which best practices were most useful. OHA management issued the following memoranda:

- June 25, 2002 memorandum contained 191 best practices;
- April 11, 2003 memorandum contained 271 best practices; and
- April 28, 2003 memorandum contained 49 "best of the best" practices.

The best practices were described as a variety of management tools, creative ways to use reports, and management information and communication strategies. The field management team was instructed to review the list and take advantage of any of the good ideas that have worked successfully in the hearing offices.

In contrast, prior to distributing these three memoranda, OHA had disseminated 24 best practice ideas through its earlier Practice and Procedures Exchange (from now on referred to as *Exchange*).⁵ The *Exchange's* mission was to obtain innovative ideas and work processes developed by hearing offices, and disseminate the best ideas to help the hearing offices perform more efficiently and effectively. A 1999 Office of the Inspector General report⁶ found that three-fourths of the hearing offices gave the *Exchange* a favorable rating, and most hearing offices reported that best practice releases were useful.

In Table 2 we compare the *Exchange* best practice releases with the recent best practice memoranda. The *Exchange* distributed the best practices throughout OHA initially by paper, and then via the Intranet, while the memoranda's distribution was restricted. Also, the *Exchange* focused on a fewer number of best practices spread out over a number of years. In contrast, the memoranda covered a large number of best practices over a very short time period. Finally, the *Exchange* provided instructions for implementing the best practice along with guides to help the user implement the idea. There were no instructions and no guides provided in the memoranda.

⁴ Regional Chief Administrative Law Judges (RCALJ), Regional Management Officers (RMO), Hearing Office Chief Administrative Law Judges (HOCALJ) and Hearing Office Directors (HOD).

⁵ The *Exchange* was initiated in 1993.

⁶ SSA OIG, *Implementation of Best Practices in the Office of Hearings and Appeals Operations* (A-06-97-21007), August 1999.

Table 2: Comparison of the Earlier Exchange with Later Best Practices Memoranda

| Best Practice Dissemination | Distribution List | Total Number of Best Practice Suggestions |
|------------------------------------|--------------------------|--|
| <i>Exchange</i> | All of OHA | 24 |
| June 25, 2002 Memorandum | Field Management Team | 191 |
| April 11, 2003 Memorandum | Field Management Team | 271 |
| April 28, 2003 Memorandum | Regional Management Team | 49 |

Inability to Determine Effectiveness of Best Practices in Recent Memoranda

OCALJ asked the regional offices and hearing offices to submit their best practices, and then OCALJ compiled a best practice list that was included as an attachment to the April 11, 2003, memorandum. The best practices were placed into one column in a table and the entity that submitted the best practice was listed in another column next to the best practice. Most of the best practices were shown as being submitted by regional offices. However, while 27 hearing offices were listed as providing best practices for increasing dispositions, 12 of the 27 hearing offices had disposition rates below OHA’s FY 2002 national disposition rate of 2.20 dispositions per day per ALJ.

Furthermore, 23 hearing offices were listed as providing best practices for meeting the processing time goal, while 7 of the 23 hearing offices had average processing times above OHA’s FY 2002 national average processing time of 336 days. One hearing office had an average processing time that was 93 days above the national average.

OHA stated that the best practices highlighted in the memorandum have been proven successful in meeting hearing office goals, but the data shows that some hearing offices who submitted the best practices are not meeting goals. Also, OHA can not determine the source of most of the best practice submissions and can not validate how the use of the best practice benefited the hearing office’s operation. Therefore, OHA can not determine if the best practices are likely to be effective in increasing dispositions or helping the hearing office meet the processing time goal.⁷

⁷ We acknowledge that a lower producing hearing office might have a useful best practice idea, while other challenges, such as loss of staff, implementation of a new computer system or a new initiative, might be contributing to production issues in the hearing office.

Conflicting Messages to Management

Unlike OHA's Short-Term Initiatives (STI) that were approved by SSA's Commissioner,⁸ the best practices are not mandatory. Our review of the April 11, 2003, list of 271 best practices indicated that many best practice suggestions gave conflicting messages. These voluntary best practices are very similar to the mandatory STIs. As a result, hearing offices may not know which of these best practices are mandatory and which are voluntary (see Table 3).

Table 3: Comparison of 2003 Best Practices with 2002 Short-Term Initiatives

| Best Practices (Voluntary) | Short-Term Initiative (Mandatory) |
|---|--|
| <i>Diligent Screening of Master Docket</i> ¹ Hearing offices screen cases to identify dismissals, On-the-Record ² (OTR) and Medicare Cases to "fast-track" to dispositions. | <i>Early Case Screening and Analysis by Administrative Law Judge</i> In early case screening, ALJs examine unassembled cases from Master Docket and may issue immediate OTR favorable decisions. |
| <i>ALJs Make Immediate Decision After Hearing</i> ALJs make immediate decisions after the hearing when possible to reduce case handling time. | <i>Bench Decision</i> An ALJ issues a decision as soon as the hearing is over. |
| <i>Use Short-Form Format for Favorable Decisions</i> ³ ALJs use software that was developed to create fully favorable decisions. | <i>Short Form Software for Fully Favorable Decisions</i> ALJs use software that was developed to create fully favorable decisions. |
| <i>Use Contract File Assembly Units</i> | <i>Contract File Assembly</i> Contractors assemble case folders to assist hearing offices in preparing backlogged cases. |
| <i>Use Video Teleconference Equipment</i> | <i>Expanded Video Teleconferencing Hearings</i> Enhances OHA's ability to schedule hearings expeditiously in remote ⁴ locations. |
| <i>Encourage Writing Staff to Become Proficient with Voice Recognition Software</i> | <i>Dragon Naturally Speaking, Speech Recognition Software</i> Assist ALJs and support staff with drafting decisions. |

Note 1: Hearing offices maintain a Master Docket system, which contains all requests for hearings and remanded claims. There were 12 best practices in the April 11, 2003 memorandum related to screening cases.

Note 2: OTR decisions are used when the ALJ reviews a claim prior to a hearing and decides that there is enough evidence to render a favorable decision. Claims decided OTR eliminate the standard delays associated with holding a hearing.

Note 3: There were three best practices in the April 11, 2003 memorandum for using the Short-Form Format.

Note 4: Remote sites are locations where hearings are held, other than the main hearing office. For instance, ALJs in the Charlottesville, Virginia hearing office use the video teleconference to hear cases from the Lewisburg, West Virginia remote site.

HEARING OFFICE PRACTICES

We interviewed the hearing office leaders in 12 of OHA's highest producing hearing offices. While the 12 HOCALJs and 12 HODs had received the 3 best practices memoranda, none had measured the impact on hearing office dispositions or timeliness

⁸ See Appendix E for a brief discussion on OHA's Short-Term Initiatives.

by use of any best practice. As a result, we were unable to assess the potential benefits related to each practice. Nonetheless, we did obtain from each hearing office a list of best practices which they believe assisted them in meeting their disposition and timeliness goals. We list those best practices below.⁹

Hearing Office Best Practices to Increase Dispositions

From OHA's June 2002 list of 55 best practices for increasing dispositions, the following 3 best practices are being used at all 12 hearing offices.

Daily Assignment of Work

The hearing office managers¹⁰ *Assign Work Daily* to the hearing office support staff. The hearing office manager's main duty is to administer the workload by supervising, planning, organizing, directing and controlling operating activities. For example, in the Jericho, New York hearing office, the hearing office managers assign 2 to 3 cases daily to each Decision Writer for completion.

Management Review of Hearing Schedules

At the 12 hearing offices we reviewed, *Managers Review Hearing Schedules* to ensure that every ALJ's requested case needs are met. For instance, in the Fort Smith, Arkansas hearing office, the HOD checks the Hearing Office Tracking System (HOTS) report daily to monitor the movement of claims. The Los Angeles, (Down Town) California hearing office assigned two case technicians primarily to prepare cases for hearings.

Share Hearing Office Progress Daily/Weekly

Daily/Weekly Sharing of Hearing Office Progress is a common trait. Hearing office managers share information on hearing office goals with their staff. As an example, in the Johnstown, Pennsylvania hearing office the HOCALJ ensures that all of the hearing office staff are well-versed on national, regional and hearing office goals. In the Dallas (Down Town), Texas hearing office, the HOD uses a team approach, making sure everyone has access to all of the information that is required to do their job.

⁹ See Appendix F for a list of other best practices used by 12 of OHA's highest producing hearing offices. See Appendix G for a comparison of the best practices used in all 12 of OHA's highest producing hearing offices versus those highlighted in OHA's April 28, 2003 "best of the best" practices memorandum.

¹⁰ HODs and Group Supervisors (GS).

Best Practices to Improve Timeliness

From OHA's June 2002 list of 41 best practices for meeting processing time goals, the following 5 best practices are being used at our selected 12 hearing offices.

Oldest Cases Pulled First

*Pulling the Oldest Cases First*¹¹ is a priority at all 12 hearing offices. We realize that processing the oldest cases is time consuming, and takes resources away from meeting disposition goals; however, as mentioned in our recent report on OHA's Appeals Council,¹² processing the oldest cases first should be a priority since it serves the claimants who have been waiting the longest.¹³ For example, the Portland, Maine hearing office implemented this best practice by assigning a Lead Case Technician (LCT) the responsibility for prioritizing all cases older than 300 days.

Finalize and Mail Cases Throughout the Month

OHA's current business process requires hearing offices to download their HOTS databases,¹⁴ containing all of their dispositions for the month, into a centralized database during the last week of each month. The 12 hearing offices we reviewed follow this procedure. However, all 12 hearing offices also use the best practice of *Finalizing and Mailing Cases Throughout the Month*. In these 12 hearing offices, as decisions are written and signed off by the ALJ, the claim is closed out and mailed immediately which helps reduce processing time.

As of July 31, 2004, the HOTS databases were replaced by OHA's new Case Processing and Management System (CPMS). The decision's status is now entered into CPMS as soon as it is completed. Hearing offices will continue to finalize and mail completed cases throughout the month.

Use Specialized Staff to Process Medicare Cases

Using Specialized Staff to Process Medicare Cases is a best practice performed at our selected 12 hearing offices. For example, at the Johnstown, Pennsylvania hearing

¹¹ Pulling is the term hearing offices use when organizing all of the documentation in a claim's folder prior to holding a hearing before an ALJ.

¹² SSA OIG, *Appeals Council Process Improvement Action Plan* (A-12-02-12015), January 2004.

¹³ In our discussion with OHA management we were told that there are exceptions when other cases are prioritized. For instance, Terminally Ill, Dire Need, Critical and Congressional Interest cases, as well as Appeals Council and Court Remands, can be pulled before aged cases.

¹⁴ Each hearing office maintains its own HOTS database.

office, we learned that Medicare cases are assigned to LCTs only, because they require more experienced staff to prepare them for a hearing.¹⁵

SSA and the Department of Health and Human Services have agreed on a plan for the phased transfer of the Medicare hearings function. Therefore, this best practice will be unnecessary after SSA completes processing of its pending Medicare workload scheduled to be completed by September 30, 2005.

[Give Employees Continuous Feedback](#)

Hearing office managers in all 12 hearing offices use the best practice of *Providing Continuous Feedback to Employees*. For instance, in the Morgantown, West Virginia hearing office, the managers meet individually with staff to improve performance. In the Minneapolis, Minnesota, Paducah, Kentucky, and Kingsport, Tennessee hearing offices, a HOTS report is given to every employee each day. The HOTS report allows every employee to see how many cases they are working on, and how long they have been working on a case. Employees can track their productivity over time. In the Metairie, Louisiana hearing office, there is a policy of open communication where management is willing to assist staff with any of the duties they perform.

[Daily Management Monitoring of Workflow](#)

Daily Management Monitoring of Workflow is a best practice used by hearing office managers in the selected hearing offices. For example, the workload in the Atlanta (North), Georgia hearing office is divided among three groups. If work becomes backed up in one group, it is shifted to another group.

CONCLUSION AND RECOMMENDATIONS

We commend OHA for examining best practices as another tool to help them increase dispositions and meet their processing time goal. However, OHA would benefit from a more focused approach like its Practice and Procedures Exchange. We identified 3 best practices for increasing dispositions and 5 best practices for meeting the processing time goal that are being used at 12 of OHA's highest producing hearing offices we selected.

¹⁵ OHA management noted that having specially trained staff might work well in larger hearing offices. However, many of its smaller hearing offices do not have the staff or the workload to justify this kind of specialty.

We recommend SSA:

1. Consider developing a process similar to the earlier Practice and Procedures Exchange model in future development and releases of best practice ideas to the regional offices and hearing offices.
2. Share the eight best practices identified in our review with all hearing offices, thereby making them standard operating procedures, to increase dispositions and improve timeliness.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with our recommendations. The Agency's comments are included in Appendix I.



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Background

APPENDIX C – Scope and Methodology

APPENDIX D – Highest Producing Hearing Offices Reviewed by the Social Security Administration’s Office of the Inspector General

APPENDIX E – Office of Hearings and Appeals Short-Term Initiatives

APPENDIX F – Best Practices Used at the Selected 12 Office of Hearings and Appeals Highest Producing Hearing Offices

APPENDIX G – Best Practices Used in All of the Selected 12 Office of Hearings and Appeals Hearing Offices versus Those Highlighted in Office of Hearings and Appeals’ April 28, 2003, “Best of the Best” Practices Memorandum

APPENDIX H – Prior Office of the Inspector General Reports Related to the Office of Hearings and Appeals Disability Process

APPENDIX I – Agency Comments

APPENDIX J – OIG Contacts and Staff Acknowledgments

Acronyms

| | |
|--------|---|
| ALJ | Administrative Law Judge |
| AVID | ALJ Verification Input Database |
| CPMS | Case Processing and Management System |
| FY | Fiscal Year |
| GPRA | Government Performance and Results Act |
| GS | Group Supervisor |
| HOCALJ | Hearing Office Chief Administrative Law Judge |
| HOD | Hearing Office Director |
| HOTS | Hearing Office Tracking System |
| LCT | Lead Case Technician |
| OCALJ | Office of Chief Administrative Law Judge |
| OHA | Office of Hearings and Appeals |
| OIG | Office of the Inspector General |
| OTR | On-the-Record |
| RCALJ | Regional Chief Administrative Law Judge |
| RMO | Regional Management Officer |
| RO | Regional Office |
| STI | Short-Term Initiatives |
| SSA | Social Security Administration |

Background

DISPOSITIONS

Since Fiscal Year (FY) 2001, the Office of Hearings and Appeals (OHA) has increased its dispositions¹ (see Table B-1). According to OHA executives, the OHA nationwide disposition rate of 2.35 cases per day per Administrative Law Judge (ALJ) in FY 2003 was OHA’s highest rate ever. However, there has been a wide range in performance in dispositions per day per ALJ in OHA’s hearing offices in all 3 years. For instance, in FY 2003, one hearing office with the highest disposition rate processed 4.69 dispositions per day per ALJ, while another hearing office with the lowest disposition rate processed only 1.18 dispositions per day per ALJ.

Table B-1: 3-Year Trend in Hearing Office Dispositions¹

| Fiscal Year | Total Dispositions | OHA Nationwide Dispositions per Day per ALJ | Highest Dispositions per Day per ALJ | Lowest Dispositions per Day per ALJ |
|-------------|--------------------|---|--------------------------------------|-------------------------------------|
| 2001 | 465,228 | 2.02 | 4.32 | .83 |
| 2002 | 532,106 | 2.20 | 5.16 | 1.05 |
| 2003 | 571,928 | 2.35 | 4.69 | 1.18 |

Note 1: The table includes Medicare cases.

PROCESSING TIME

OHA uses three criteria for determining its processing time goal: past performance (including pending levels and age of pending), special initiatives (i.e. training) and a mix of casework (including receipt levels). Receipts have been outpacing dispositions, causing an increase in pending claims and average processing time² (see Table B-2). Average processing time was 308 days in FY 2001, and increased to 344 days in FY 2003. There is a wide range of performance in timeliness among OHA’s hearing offices. In FY 2003, the lowest average processing time in one hearing office was 142 days, while another hearing office had the highest average processing time of 525 days.

¹ Dispositions are defined as the number of hearing requests processed, including favorable and unfavorable decisions issued, as well as requests that are dismissed.

² Processing time is defined as the average elapsed time, from the hearing request date until the date of the notice of the decision, of all hearings level cases processed during all months of the fiscal year.

Table B-2: 3-Year Trend in Timeliness¹

| Fiscal Year | Total Receipts | Total Pending Claims | National Average Processing Time (Days) | Lowest Average Processing Time (Days) | Highest Average Processing Time (Days) |
|-------------|----------------|----------------------|---|---------------------------------------|--|
| 2001 | 554,376 | 435,904 | 308 | 176 | 455 |
| 2002 | 596,959 | 500,757 | 336 | 188 | 523 |
| 2003 | 662,733 | 591,562 | 344 | 142 | 525 |

Note 1: The table includes Medicare cases.

PERFORMANCE MEASURE REPORTING

The Government Performance Results Act³ of 1993 established a framework through which Federal agencies set goals, measure performance, and report on the extent to which those goals were met. Agencies prepare 5-year strategic plans, annual performance plans, and annual performance reports.⁴

Strategic Objective: Make the right decision in the disability process as early as possible.

Output Measure: **Table B-3: Number of Hearings Processed**

| FY | Goal | Actual |
|------|------------|---------|
| 2000 | 622,400 | 539,426 |
| 2001 | 582,000 | 465,228 |
| 2002 | 580,000 | 532,106 |
| 2003 | 602,000 | 571,928 |
| FY | Projection | Actual |
| 2004 | 538,000* | ----- |
| 2005 | 596,000* | ----- |

* These projections exclude Medicare cases.

Data Definition: The number of hearings processed. SSA plans to transfer the Medicare hearings function to the Department of Health and Human Services by the end of FY 2005.

³ Public Law No. 103-62, § 4(b). 31 United States Code § 1115 (2002).

⁴ For OIG's analysis of SSA's performance data and indicators, see our *Summary of the Office of Inspector General's Review of the Social Security Administration's Performance Data (A-02-03-13033)*, September 2003.

Outcome Measure: Table B-4: Average Processing Time for Hearings

| FY | Goal | Actual |
|-----------|-------------|---------------|
| 2000 | 268 days | 297 days |
| 2001 | 208 days | 308 days |
| 2002 | 259 days | 336 days |
| 2003 | 352 days | 344 days |
| 2004 | 377 days | ----- |
| 2005 | 344 days | ----- |

Data Definition: Beginning in FY 2000, this indicator was redefined to represent the average elapsed time, from the hearing request date until the date of the notice of the decision, of all hearings level cases processed during all months of the FY.

Outcome Measure: Table B-5: Number of Hearings Pending

| FY | Goal | Actual |
|-----------|-------------|---------------|
| 2000 | 209,000 | 346,756 |
| 2001 | ----- | 435,904 |
| 2002 | ----- | 500,757 |
| 2003 | 587,000 | 591,562 |
| 2004 | 586,000 | ----- |
| 2005 | 550,000 | ----- |

Data Definition: This indicator represents all hearings pending in the OHA through FY 2003. Beginning in FY 2004, Medicare hearings were excluded from the number of hearings pending: 57,000 Medicare hearings were excluded from the number of hearings pending for FY 2004 and 58,000 excluded from the hearings pending for FY 2005.

Scope and Methodology

- Reviewed Office of Hearings and Appeals (OHA) policies and procedures.
- Reviewed Office of the Inspector General (OIG) and General Accountability Office (GAO) reports, OHA's Quarterly Reports on the Social Security Administration's (SSA) disability process, and other relevant documents.
- Reviewed OHA's best practice memoranda of June 25, 2002, April 11, 2003, and April 28, 2003.
- Used OHA bi-weekly staffing reports to categorize hearing offices according to size; small hearing offices (less than seven Administrative Law Judges (ALJ)), medium hearing offices (seven or eight ALJs), and large hearing offices (more than eight ALJs).
- Obtained hearing office performance data from OHA's National Ranking Reports.¹ Created spreadsheets for ranking small, medium and large hearing offices in dispositions per day per ALJ and average processing time for Fiscal Years (FY) 2001, 2002, and 2003.
- Selected 4 hearing offices to visit and 8 hearing offices for phone interviews that were in the top 15 for both dispositions per day per ALJ and processing time in FYs 2001, 2002, or 2003, or hearing offices that have had recent considerable increased performance in either increasing their number of dispositions per day per ALJ or lowering their processing time. We selected four hearing offices to visit in four different regions (see Appendix D). The 8 hearing offices with which we conducted phone interviews are located in 6 of the 10 regions.
- Distributed questionnaires to 12 hearing offices to determine which best practices are being used.
- Conducted interviews with OHA headquarter staff, regional office management staff and hearing office staff at 12 hearing offices.

¹ OHA's National Ranking Reports contain monthly and yearly hearing-level performance data for every hearing office. We did not independently audit the performance data found in the National Ranking Reports.

Highest Producing Hearing Offices Reviewed by the Social Security Administration's Office of the Inspector General

We chose 12 hearing offices from among the top 15 hearing offices in terms of dispositions per day per Administrative Law Judge (ALJ) and processing time in Fiscal Years 2001, 2002, or 2003, or they had recent considerable increased performance in either increasing their number of dispositions per day per ALJ or lowering their processing time. Tables D-1 through D-3 display the hearing offices we reviewed and their associated regional offices.

Table D-1: Small Hearing Offices (less than 7 ALJs)

| Hearing Office | Regional Office |
|-------------------------------------|-----------------|
| Johnstown, Pennsylvania * | III |
| Fort Smith, Arkansas | VI |
| Los Angeles (Down Town), California | IX |
| Paducah, Kentucky | IV |
| Portland, Maine | I |

Table D-2: Medium Hearing Offices (7 or 8 ALJs)

| Hearing Office | Regional Office |
|---------------------------|-----------------|
| Jericho, New York * | II |
| Metairie, Louisiana * | VI |
| Morgantown, West Virginia | III |
| Kingsport, Tennessee | IV |

Table D-3: Large Hearing Offices (more than 8 ALJs)

| Hearing Office | Regional Office |
|----------------------------|-----------------|
| Atlanta (North), Georgia * | IV |
| Dallas (Down Town), Texas | VI |
| Minneapolis, Minnesota | V |

* Auditors from the Office of the Inspector General visited these hearing offices.

Office of Hearings and Appeals Short-Term Initiatives

The Social Security Administration's (SSA) Office of Hearings and Appeals (OHA) implemented eight Short-Term Initiatives (STI) late in Fiscal Year (FY) 2002 to improve the hearing process.

The first two STIs centered on hearing office processes:

- *Contract File Assembly*¹

In the *Contract File Assembly* initiative, contractors assemble case folders to assist hearing offices in preparing backlogged cases for Administrative Law Judges (ALJ) to schedule hearings. Contractors assembled over 40,000 files in FY 2003.

- *Ending Rotational Assignments*

OHA *Ended Rotational Assignments* among certain clerical functions that was implemented in its Hearing Process Improvement initiative. This action allows support staff to concentrate on their case preparation duties.

These next six STIs were designed to expedite the decision-making process and reduce processing time.

- *Early Case Screening and Analysis by Administrative Law Judge*

In *Early Case Screening*, ALJs examine unassembled cases from the Master Docket² and may issue immediate on-the-record³ favorable decisions. Screening helps eliminate standard delays and additional expense associated with holding a hearing. Screening also helps identify cases that need further development which helps move the cases along at an earlier stage. In FY 2003, ALJs screened about 66,000 cases and issued favorable decisions to approximately 21,600 claimants.

¹ For an Office of the Inspector General analysis, see our Congressional Response Report: *Review of File Assembly Contracts at Office of Hearings and Appeals* (A-07-04-24076), March 2004.

² OHA's hearing offices maintain a Master Docket system which contains all requests for hearings and remanded claims.

³ On-the-Record (OTR) decisions are when the ALJ reviews a claim prior to a hearing and decides that there is enough evidence to render a favorable decision. Claims decided OTR eliminate the standard delays associated with holding a hearing.

- *Short Form Software for Fully Favorable Decisions*

OHA's hearing offices use standardized software to allow ALJs to create fully favorable decisions. In FY 2003, ALJs wrote over 23,600 decisions using the *Short Form Software for Fully Favorable Decisions*, which reduced handoffs and further delays.

- *Bench Decisions*

In *Bench Decisions*, an ALJ issues a decision as soon as the hearing is over. ALJs issued over 1,100 favorable decisions from the bench in FY 2003.

- *Expanding Video Hearings*

Video Hearings enhances OHA's ability to expeditiously schedule hearings in remote⁴ locations. In FY 2003, OHA prepared and published final regulatory changes, which permit OHA to schedule video hearings without obtaining advance consent from the claimant. At the end of FY 2003, OHA had video hearing equipment in 35 sites and anticipates adding at least 126 sites in FY 2004.

- *Dragon Naturally Speaking, Speech Recognition Software*

Dragon Naturally Speaking, Speech Recognition Software assists ALJs and support staff with drafting decisions. In FY 2003, OHA distributed the software to more than 1,000 decision writers and ALJs.

- *Digitally Recording Hearings*

Digitally Recording Hearings is a new method of recording hearings that replaces OHA's aging audiocassette recorders with notebook computers. The notebooks have state-of-the-art software to record hearing proceedings in a digital file that can be stored on a hard drive, a local server and in the electronic folder. In FY 2004, OHA plans to install the digital recording equipment in five pilot hearing offices and begin using digital recording technology in an actual hearing.

⁴ Remote sites are locations where hearings are held, other than the main hearing office. For instance, ALJs in the Charlottesville, Virginia hearing office use the video teleconference to hear cases from the Lewisburg, West Virginia remote site.

Best Practices Used at the Selected 12 Office of Hearings and Appeals Highest Producing Hearing Offices

| Hearing Offices | Best Practices for Increasing Dispositions |
|-----------------|---|
| 12 of 12 | Daily assignment of work. |
| 12 of 12 | Management review of hearings schedules. |
| 12 of 12 | Share hearing office progress daily/weekly. |
| 11 of 12 | Case Technicians closely monitor and control cases in Post-Hearing Development. |
| 11 of 12 | If Administrative Law Judge (ALJ) agrees, schedule hearing while waiting for requested development. |
| 11 of 12 | Hearing office management team members draft decisions. |
| 10 of 12 | Encourage ALJs to schedule at least 40-60 cases per month. |
| 10 of 12 | Do batch scheduling of hearings by representative, by claim type, or by expert. |
| 10 of 12 | Management keeps ALJs focused on moving cases in ALJ Review (Pre-Hearing), ALJ Review (Post-Hearing) and Awaiting ALJ signature via Hearing Office Tracking System (HOTS) Report and list of pending cases. |
| 9 of 12 | Clearly communicate performance expectations. Identify employees with performance problems and use performance assistance plans to address concerns. |
| 9 of 12 | Emphasize to all hearing parties that all evidence should be obtained and available by the hearing date. |
| 9 of 12 | Obtain development of case file very early in hearing process. |
| 9 of 12 | ALJs focus on ALJ Review (Post-Hearing) on days they have no hearings scheduled. |
| 9 of 12 | Assign 4-6 cases to be pulled ¹ on each flexi place day. |

Note 1: Pulling is the term hearing offices use when organizing all of the documentation in a claims folder prior to holding a hearing before an ALJ.

| Hearing Offices | Best Practices for Meeting Processing Time Goal |
|-----------------|--|
| 12 of 12 | Oldest cases pulled first. |
| 12 of 12 | Finalize and mail cases throughout the month. |
| 12 of 12 | Use specialized staff to process Medicare cases. ¹ |
| 12 of 12 | Give employees continuous feedback. |
| 12 of 12 | Daily management monitoring of workflow. |
| 11 of 12 | Close monitoring and tracking by hearing office management of progress of ALJ 9000 cases. (An ALJ 9000 case is a label used by hearing offices when a claimant files a subsequent application even though their prior application had not yet been decided.) |
| 11 of 12 | Foster hearing office culture that ALJs cover hearings for other ALJs taking unexpected leave. |
| 10 of 12 | Hearing Office Chief ALJ (HOCALJ) use of Automated Verification Input Database (AVID) ² procedure to dispose of paid claims for ALJs in travel or on leave. |
| 10 of 12 | Assign aged cases immediately when moved to a new HOTS status. |
| 10 of 12 | Attorney contacted by phone to verify availability for hearing. |
| 9 of 12 | HOCALJ review of HOTS status reports to identify cases in Post-Hearing Development or ALJ Review (Post-Hearing) that have been in this status over 30 days. |
| 9 of 12 | Direct contact with SSA's Field Office management on issue of claims file receipt time, and/or adherence to established follow-up procedures (similar process used when requesting prior files from Program Service Centers). |
| 9 of 12 | Schedule priority cases in gaps between hearings on ALJ calendar. |
| 9 of 12 | Fill postponement slots with dire need, congressional interest, and overpayment cases (likely to waive notice period). |
| 9 of 12 | Phone contact with un-represented claimant just before hearing date; prepare detailed report of contact. |

Note 1: SSA and the Department of Health and Human Services have agreed on a plan for the phased transfer of the Medicare hearings function. Therefore, this best practice will be unnecessary after SSA completes processing of its pending Medicare workload scheduled to be completed by September 30, 2005.

Note 2: AVID procedure allows the HOCALJ to sign-off on a claim for an ALJ, if the ALJ is on travel or leave.

Best Practices Used in All of the Selected 12 Office of Hearings and Appeals Highest Producing Hearing Offices versus Those Highlighted in OHA's April 28, 2003 "Best of the Best" Practices Memorandum

In Table G-1 we illustrate the best practices used in all 12 of the Office of Hearing and Appeal's (OHA) highest producing hearing offices and whether the best practice was highlighted in the memorandum.

Table G-1: Best Practices Used by the 12 selected OHA's Highest Producing Hearing Offices versus Those Highlighted in April 28, 2003 Memorandum

| Best Practices Used by all 12 Selected OHA Highest Producing Hearing Offices | Found in April 28, 2003 Best of the Best Practices Memorandum |
|--|--|
| <i>Best Practices for Increasing Dispositions</i> | |
| 1. Daily assignment of work. | No |
| 2. Management review of hearings schedules. | Yes |
| 3. Share hearing office progress daily/weekly. | Yes |
| <i>Best Practices for Meeting the Processing Time Goal</i> | |
| 1. Oldest cases pulled ¹ first. | No |
| 2. Use specialized staff to process Medicare cases. ² | No |
| 3. Finalize and mail cases throughout the month. | Yes |
| 4. Give employees continuous feedback. | Yes |
| 5. Daily management monitoring of workflow. | Yes |

Note 1: Pulling is the term hearing offices use when organizing all of the documentation in a claim's folder prior to holding a hearing before an Administrative Law Judge.

Note 2: The Social Security Administration and the Department of Health and Human Services have agreed on a plan for the phased transfer of the Medicare hearings function. Therefore, this best practice will be unnecessary after SSA completes processing of its pending Medicare workload scheduled to be completed by September 30, 2005.

**Prior Office of the Inspector General Reports
Related to the Office of Hearings and Appeals
Disability Process**

| Common Identification Number | Report Title | Date Issued |
|-------------------------------------|---|--------------------|
| A-07-04-24076 | <i>Review of File Assembly Contracts at Office of Hearings and Appeals</i> | March 2004 |
| A-13-04-24045 | <i>Chicago Regional Office of Hearings and Appeals Claimant Medical Files</i> | January 2004 |
| A-12-02-12015 | <i>Appeals Council Process Improvement Action Plan</i> | January 2004 |
| A-13-03-23091 | <i>Operations at the Social Security Administration's Milwaukee, Wisconsin, Office of Hearings and Appeals</i> | November 2003 |
| A-02-03-13033 | <i>Summary of the Office of the Inspector General's Reviews of the Social Security Administration's Performance Data</i> | September 2003 |
| A-12-00-10057 | <i>Performance Measure Review: Reliability of the Data Used to Measure the Office of Hearings and Appeals Decisional Accuracy</i> | April 2002 |
| A-12-00-10027 | <i>Approval of Claimant Representatives and Fees Paid to Attorneys</i> | August 2001 |
| A-06-99-51005 | <i>Vocational Experts and Medical Experts Fees for Services</i> | August 2001 |
| A-12-00-10023 | <i>Internal Controls Over the Office of Hearings and Appeals Interpreter Services</i> | August 2001 |
| A-06-97-21007 | <i>Implementation of Best Practices in the Office of Hearings and Appeals Operations</i> | August 1999 |

Agency Comments



SOCIAL SECURITY

MEMORANDUM

33220-24-1126

Date: August 13, 2004

Refer To: S1J-3

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

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report "Best Practices in Highest Producing Hearing Offices" (Audit No. 22003083)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the draft report content and recommendations are attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to 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 "BEST PRACTICES IN HIGHEST PRODUCING HEARING OFFICES" (A-
12-04-14020)**

Thank you for the opportunity to review and comment on the draft report. We have reviewed the conclusions and appreciate that our efforts at compiling and disseminating best practices have been recognized.

We agree with the recommendations. We will consider developing a process similar to our previous Practice and Procedures Exchange model in future development and releases of best practice ideas. Further, recommendation number 2 will be implemented by August 31, 2004. The Office of Hearings and Appeals is expected to release a memo to the Regional Chief Administrative Law Judges regarding the standard operating procedures for increasing dispositions and improving timeliness at all hearing offices.

[In addition to the information listed above, SSA also provided technical comments which have been addressed, where appropriate, in this report.]

OIG Contacts and Staff Acknowledgments

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Acknowledgments

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Office of Audit

OA conducts and/or supervises 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 and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

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OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG 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. Finally, OCCIG administers the Civil Monetary Penalty program.

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