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United States General Accounting Office
Washington, DC 20548

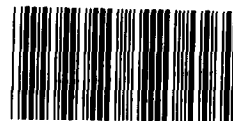
Human Resources
Division

15408

B-201008

NOVEMBER 10, 1980

The Honorable Patricia Roberts Harris
The Secretary of Health and Human Services



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Dear Mrs. Harris:

Subject: The [Social Security Administration's
Beneficiary Rehabilitation Program]
(HRD-81-22)

At the request of the Chairman, Subcommittee on Oversight, House Committee on Ways and Means, we reviewed the Social Security Administration's (SSA's) Beneficiary Rehabilitation Program (BRP). BRP's primary purpose is to provide savings to the trust funds by rehabilitating as many disabled beneficiaries as possible into the work force, thereby terminating their social security disability benefits. The Chairman's major concern was whether available data could be used to determine the program's effectiveness.

We found that, although it is responsible for evaluating the program, SSA has neither collected all the necessary data nor established a management information system essential to assessing the program's effectiveness. In addition, the eligibility of many beneficiaries who were served under BRP was questionable because they were expected to medically recover at the time they were awarded disability benefits. This condition is similar to what we reported in 1976 1/-- about 50 percent of the individuals whose social security disability payments were terminated were beneficiaries whom SSA had expected to medically recover at the time of initial eligibility determination.

1/"Improvements Needed in Rehabilitating Social Security Disability Insurance Beneficiaries" (MWD-76-66, May 13, 1976).

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SCOPE, METHODOLOGY, AND OBJECTIVE

We made our review primarily at SSA and Rehabilitation Services Administration headquarters in Baltimore, Maryland, and Washington, D.C., respectively. We interviewed officials and reviewed program management data. Our primary emphasis was on SSA's progress in developing a vocational rehabilitation management information system. We also identified, merged, and manipulated files from various SSA computerized systems to evaluate the program and raise questions about its effectiveness. The principal files we used were those that contained information on disabled persons who received services from State vocational rehabilitation agencies and those that contained data on the results of SSA's investigations to determine whether or not individuals are still disabled. These files were available at SSA headquarters but had not previously been used for this purpose. Our work was done between August 1979 and April 1980.

PROGRAM INTENT

The Social Security Amendments of 1965 authorized the use of social security trust funds to pay 100 percent of the cost of vocational rehabilitation services to eligible disabled beneficiaries. The program's primary purpose is to provide savings to the trust funds by returning as many disabled beneficiaries as possible to productive activity, thereby terminating social security disability benefits. Before BRP began, State vocational rehabilitation agencies provided services only under the basic rehabilitation program, 1/ which required (and still requires) States to participate financially. They served few social security disability insurance beneficiaries because they were generally recognized as being more severely disabled and therefore more difficult to rehabilitate into productive activity.

Believing that more disabled beneficiaries could be returned to work, the Congress provided that trust funds be used to finance all of the cost of rehabilitating selected beneficiaries. The law requires the Secretary of Health

1/Now administered by the new Department of Education.

and Human Services (HHS) 1/ to formulate criteria for selecting individuals for BRP. The following criteria were developed:

1. There is a disabling physical or mental impairment which is not so rapidly progressive as to outrun the effect of vocational rehabilitation services or to preclude restoration of the beneficiary to productive activity.
2. The disabling effect of the impairment, without the services planned, is expected to remain at a level of severity which would result in the continuing payment of disability benefits.
3. There is a reasonable expectation that such services will result in the restoration of the individual to productive activity.
4. The reasonably predictable period of productive work activity is long enough that the benefits to be saved and the contributions which would be paid to the trust funds on future earnings would offset the cost of the services planned.

From 1967 to 1979, program costs increased from about \$10 million to over \$102 million a year.

SSA LACKS A MANAGEMENT
INFORMATION SYSTEM

SSA already has much of the necessary information, however fragmented, for a management information system. However, the agency has not systematically consolidated and used these data to assess and guide BRP. Our 1976 report discussed the program's general lack of management and recommended that a management information system be established to assess the program's progress and potential. Despite past assurances to the Congress and us, HHS still

1/Before May 4, 1980, the activities discussed in this report were the responsibility of the Department of Health, Education, and Welfare.

does not have an information system in operation. Various past efforts to develop and implement such a system have failed, and current efforts are at a virtual standstill. The continuing failure to meet milestones is apparently due to the low priority SSA has given the project. The latest projected completion date for a vocational rehabilitation information system is March 1985.

We consolidated several SSA data files and, by analyzing the information in them, were able to evaluate certain aspects of the program. We found a positive trend: the number of beneficiaries terminated from the social security disability rolls increased from 3,734 in 1975 to 6,193 in 1978. (See enc. I for additional program statistics.)

On the negative side, however, a large number of the individuals who were classified as "rehabilitated," and whose social security disability payments were terminated, were beneficiaries for whom SSA had predicted medical recovery at the time disability benefits were awarded. In 1977 about 52 percent of the terminations fit this category. This condition, which was not known by SSA officials and which is similar to the condition we reported to the Congress in 1976, is discussed in the following section.

MANY BENEFICIARIES NOT
ELIGIBLE FOR PROGRAM BECAUSE
OF EXPECTED MEDICAL RECOVERY

Our analysis of SSA data files disclosed that many benefit terminations credited to BRP involved individuals who probably did not meet all of the program's selection criteria. SSA believed there was a reasonable expectation of medical recovery for many individuals who received services under BRP and later had their disability benefits terminated. Enrolling a beneficiary who is expected to medically recover appears to be inconsistent with the second selection criterion.

The criterion in question is designed to screen out beneficiaries who are temporarily disabled, many of whom recover sufficiently to return to productive activity without rehabilitation services. Specifically, the criterion states "The disabling effect of the impairment, without the planned

services, is expected to remain at a level of severity which would result in the continuing payment of disability benefits." Independent of any vocational rehabilitation activities, SSA has developed a procedure whereby future investigations for continuing disability are routinely scheduled for various reasons, including where the impairment is expected to improve sufficiently to enable the beneficiary to return to work. Such cases are assigned a medical reexamination diary--a date by which medical personnel expect medical recovery.

Many of the terminations recorded in BRP were for individuals who had a medical reexamination diary date, also called medical diary, at the time of disability benefit termination. Our analysis of BRP terminations for calendar years 1974-77 showed that about 50 percent had a medical diary at time of termination. This finding is consistent with what we reported in 1976, when 51 percent of our sample of terminated beneficiaries were expected to medically recover (and did), regardless of the vocational rehabilitation services provided.

SSA officials advised us that the medical diary is their best available indicator of medical recovery. Recent SSA statistics show that disability benefit terminations occur at a rate of about 48 percent where a medical diary exists. Considering BRP's intent to serve only disabled persons who are expected to continue to receive disability benefits, the use of trust fund moneys for individuals expected to medically recover is questionable. Allowing trust fund financing of rehabilitation services to such individuals could deprive other, more severely disabled beneficiaries from receiving needed services.

As previously mentioned, our 1976 report also stated that many temporarily disabled individuals were receiving services financed under BRP. In commenting on that report, HHS stated that, because some diariied people do not medically recover, the agency was reluctant to arbitrarily require that all such cases be excluded from use of trust fund money.

We recognize HHS' reluctance to exclude all diariied cases from BRP. However, we believe that such cases could more appropriately be served under the basic rehabilitation

program, which, since the Rehabilitation Act of 1973, has been mandated to serve severely disabled persons. All social security disability insurance beneficiaries are categorically considered to be severely disabled. In any event, where diariied beneficiaries are excluded from BRP, but services are financed under the basic State program, procedures could be developed for BRP to reimburse the basic program for any beneficiary who is not, after medical reexamination, expected to recover. Of course, the beneficiary would have to meet the BRP selection criteria.

RECOMMENDATIONS

We recommend that you require the SSA Commissioner to develop and implement a management information system for BRP. In view of past problems, the Commissioner should set forth a specific timetable and resource commitment for implementing such a system, including designating one person with overall responsibility. The Commissioner should submit periodic status reports on the system's development and implementation to you.

We recommend also that the BRP selection criteria be modified to clarify that trust fund moneys should not be used to finance rehabilitation services for temporarily disabled individuals. Specifically, you can accomplish this by modifying the second selection criterion to state that disabled beneficiaries with a medical reexamination diary are to be considered ineligible for BRP during the diary period.

We recognize that many beneficiaries do not medically recover as expected by SSA and that when they are reexamined there is no longer any significant expectation of recovery. At that time, it could be determined that the individual meets the BRP eligibility criteria. To encourage States to provide necessary services to diary cases, we recommend that you work with the Department of Education to establish an administrative process for BRP to reimburse the basic State rehabilitation program for the cost of services provided to disabled beneficiaries during the period it was expected that they would medically recover.

PROGRAM OFFICIALS' COMMENTS


SSA staff met with us and commented on the matters discussed in this report. They generally agreed with our discussion of the problems associated with not having an adequate management information system. With regard to our recommendation to prohibit the use of trust funds to serve diaried beneficiaries, SSA officials said that further study of the ramifications of such a policy change would be needed. Although more and better information on diaried cases is desirable, we do not believe that such information is needed before implementing the change we recommended. We have been reporting this situation to SSA since 1976, and as discussed in this report, there is a viable alternative for taking care of the rehabilitation needs of diaried cases through the basic rehabilitation program. As the change is implemented, careful study of its impact and necessary adjustments can be made.

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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Chairmen of the four above-mentioned Committees, the House Committee on Ways and Means, and the Senate Committee on Finance. Copies are also being sent to the Director, Office of Management and Budget, and the Secretary of Education.

Sincerely yours,


Gregory J. Ahart
Director

Enclosure

OVERALL STATISTICS FOR THE BENEFICIARY REHABILITATIONPROGRAM FOR 1974-79

<u>Year</u>	<u>Trust funds expended</u> (note a) (millions)	<u>Total cases closed and reported to SSA</u> (note b)	<u>Number of cases classified as rehabilitated</u> (special selection criteria met)	<u>Number of actual social security disability insurance terminations</u>
1974	\$56.5	58,127	6,393	2,797
1975	81.0	68,927	9,395	3,734
1976	<u>c</u> /124.1	60,950	8,494	4,350
1977	89.2	61,206	9,511	5,696
1978	96.7	75,107	10,729	6,193
1979	102.1	<u>d</u> /33,957	<u>d</u> /3,783	<u>d</u> /4,247

a/Trust fund expenditures are shown on a fiscal-year basis; all other statistics are shown on a calendar-year basis.

b/Reported by the various State vocational rehabilitation agencies.

c/Includes \$27.9 million in expenditures for the Transition Quarter (July 1-Sept. 30, 1976).

d/Data for the 9-month period ended September 30, 1979.