

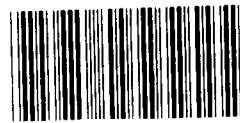
GAO

Briefing Report to the Chairman,
Subcommittee on Social Security,
Committee on Ways and Means, House of
Representatives

December 1987

SOCIAL SECURITY

Observations on Demonstration Interviews With Disability Claimants



134774

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Human Resources Division

B-224648

December 3, 1987

The Honorable Andrew Jacobs, Jr.
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

In response to a request from the former Chairman and subsequent discussions with the Subcommittee, we have been monitoring how well the Social Security Administration's (SSA's) demonstration projects are being implemented and evaluated. On several occasions we briefed your office on their status. This briefing report presents the results of our work in more detail.

The demonstration projects, mandated by the Social Security Disability Benefits Reform Act of 1984 (Public Law 98-460), involve face-to-face interviews for claimants, including applicants at the initial stage in the disability determination (decision) process and current beneficiaries during continuing disability reviews. These interviews, at state agencies for Disability Determination Services, take place before a final decision is made. The projects are intended to test whether these early face-to-face interviews result in more accurate evaluations of an applicant's condition, assure that all relevant information is obtained, and simplify and expedite the decision-making process. Currently, face-to-face interviews between applicants and examiners do not take place (1) until a decision is made final and (2) generally, unless there is an appeal to an administrative law judge.

We began our work in March 1986 and completed field work in May 1987. We discussed implementation of the demonstration projects with officials from SSA and the ten participating states; we also reviewed the analysis plan, developed by a contractor that SSA selected to evaluate the demonstration projects. In addition, we reviewed all California disability cases where claimants, during the second quarter of 1985, were offered a face-to-face interview at the reconsideration level of the appeals process. Although the interviews were not part of the demonstration projects, we believe the results provide some insight on how face-to-face interviews might affect the disability determination process.

Demonstration Projects Start Slowly

SSA was required by law to report to the Congress by December 1986 on the projects' results. Two problems contributed to delays in implementation: (1) Developing and obtaining top management approval for program regulations and procedures, including forms to record information, took longer than anticipated. (2) SSA experienced delays in contracting for the projects' evaluation. The initial contract was awarded in August 1985, but subsequently terminated because the Department of Health and Human Services Inspector General determined that SSA had not requested the approval of the Secretary of Health and Human Services before the award. On July 3, 1986, a new evaluation contract was awarded to the same contractor. In April 1987, this contract was terminated, according to SSA officials, because the contractor failed to do an adequate job. The Inspector General is now responsible for evaluating the projects.

In a March 3, 1987, interim report to the Congress, the Commissioner of SSA indicated that a final report would not be completed until September 1988. Due to recent changes in the evaluation plans, however, this completion date could be delayed.

GAO Concerns About SSA's Demonstration

To provide the Congress with quantitative data on the costs and effectiveness of adopting new appeals procedures, SSA should assure that the demonstration is carefully and consistently implemented and evaluated. SSA needs to identify the financial, legal, and procedural impacts of adopting the demonstration process. SSA should assess the extent to which states reach better determinations earlier in the disability determination process as a result of demonstration procedures.

In a February 19, 1987, report to the Commissioner of SSA,¹ we pointed out a number of factors that could prevent the demonstration from meeting its objectives. We stated that it may not be possible for SSA to adequately assess these factors for several reasons:

- States are not implementing the projects on a consistent basis, which may bias the results.
- Demonstration results cannot be statistically representative of all state Disability Determination Services. In addition, states participating in the demonstration's initial application portion have a relatively low volume

¹Social Security: Demonstration Projects Concerning Interviews With Disability Claimants (GAO/HRD-87-35).

of initial applications; thus, the data could provide misleading results on the effectiveness of the projects.

- The demonstration results will be compared against those for evidentiary hearings; because both are operationally new processes, the learning curves of each could affect the comparability of outcomes.
- It might not be possible to separate a claimant's satisfaction with the process and satisfaction with the outcome; there is no statistical basis to believe that the data from the states for a claimant satisfaction survey will represent claimants' knowledge, understanding, or satisfaction nationwide.

In a May 29, 1987, letter the SSA Commissioner generally agreed with our recommendations for addressing these concerns (see app. I). The Commissioner said the demonstration projects will be evaluated within states, taking into consideration how one state's operations differ from those of other states. She also said SSA would work closely with the Office of the Inspector General to evaluate the extent to which the learning curve affects key outcome measures in the projects. The Commissioner was uncertain, however, whether an evaluation of the measure of claimant satisfaction would take place.

The Commissioner added that given the variations between states, no single random sample of five states could adequately represent the nation; therefore, states were selected to represent the range of characteristics of all states in the nation. According to the Commissioner, the representativeness of nationwide statistics will depend on how varied the results are between the five demonstration states. From discussions with statistical experts, we have concluded that regardless of the consistency of state data, SSA's data will not be statistically representative of the nation.

California's Earlier Experience Provides Insight

During 1985, before the current demonstration, California participated in a reconsideration interview project, which offered face-to-face interviews at the reconsideration level of the appeals process to some initial applicants. Our analysis of a group of these cases showed that (1) face-to-face interviews at this level did not reduce appeal or reversal rates at the administrative law judge level, (2) whether or not the applicant actually appeared at the interview had little impact on the appeal or reversal rates, and (3) applicants may not be presenting their cases in the best light and at the earliest opportunity.

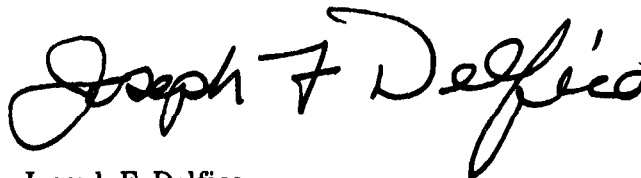
Conclusions

Any changes to the current system should be carefully considered and should have merits that would justify revising it. These merits—such as more accurate decisions at a lower level—should be objectively measured during the evaluation of the projects. Although we have concern about whether the data can be statistically representative of the nation, we believe SSA's proposed actions are generally responsive to our recommendations.

As requested by your office, we did not obtain agency comments on a draft of this report. However, we did discuss its contents with agency program officials and incorporated their views where appropriate. Unless you announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to the Secretary of Health and Human Services and will make copies available to others on request.

Should you need any additional information on the contents of this report, please call me on 275-6193.

Sincerely yours,



Joseph F. Delfico
Senior Associate Director

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Abbreviations

ALJ	administrative law judge
ASI	Advanced Sciences Incorporated
CDR	continuing disability review
DDSSs	Disability Determination Services
HHS	Department of Health and Human Services
OIG	Office of the Inspector General (HHS)
RFC	residual functional capacity
SSA	Social Security Administration
SSDI	Social Security Disability Insurance

Social Security Disability: Observations on Demonstration Interviews With Disability Claimants

Introduction

Disability decisions are made by 54 "state" agencies,¹ which are known as Disability Determination Services (DDSs). The disability determination process, which is essentially the same for both Social Security Disability Insurance (SSDI) and Supplemental Security Income disability and blindness claims, can involve determinations (decisions) at five distinct levels—(1) initial claim or continuing disability review (CDR) decision, (2) first appeal: reconsideration, (3) second appeal: administrative law judge (ALJ), (4) third appeal: Appeals Council, and (5) fourth appeal: civil action. At least two of these decision levels provide due process protection to claimants,² in accordance with the Constitution and a 1969 Supreme Court decision.³

Examiners and medical consultants (physicians) at DDSs review disability applications and make initial disability decisions. If the initial decision is a denial, the applicant can request to have that decision reviewed by another examiner. This process is known as "reconsideration." No face-to-face interviews take place between applicants and examiners at the initial level or the reconsideration level. If the applicant is found ineligible at the reconsideration level, the decision may be appealed to an ALJ.

In addition to making the initial decision, the DDS examiners periodically review the eligibility of those on the disability rolls. These CDRs are required by law. If the beneficiary is not found to be disabled during the CDR process, a formal notice is sent indicating why and advising the beneficiary of his or her appeal rights.

In 1983, the Congress changed the CDR process by enacting a provision in Public Law 97-455⁴ requiring that beneficiaries being dropped from the disability rolls be given an opportunity to continue receiving their benefits until they have had an evidentiary hearing.⁴ Although, typically, in the Social Security disability programs, evidentiary hearings have only

¹One in each state (except South Carolina, which has a separate agency for the blind), the District of Columbia, Guam, and Puerto Rico.

²In this report, a claimant is referred to as an "applicant" in an initial claim case and as a "beneficiary" if already on the disability rolls. If both applicants and beneficiaries are referred to, "claimant" is the term used.

³In *Goldberg v. Kelly*, 397 U.S. 254 (1970), the court held that a person's statutory entitlement to welfare benefits was a form of property interest that could not be terminated without offering a hearing that satisfied specific requirements of due process.

⁴The opportunity afforded beneficiaries for introducing evidence and being represented by counsel.

been held by ALJS, such hearings are also now being held at the reconsideration level. At this level of the disability decision, each beneficiary is to be given the opportunity to present his or her case to a DDS hearing officer. The process for initial applicants and beneficiaries being reviewed under CDR is outlined in figure 1.

In October 1984, the Congress enacted the Social Security Disability Benefits Reform Act (Public Law 98-460), which, among other things, required SSA to conduct demonstration projects providing face-to-face interviews between examiners and applicants or beneficiaries during the decision-making process at DDSs. These interviews are to be conducted at the initial decision level (for both initial applicants and beneficiaries) before a final unfavorable decision is made by a DDS. The demonstration projects are intended to test the effectiveness of face-to-face interviews: Will face-to-face interviews (at the initial decision level and during CDRs) result in more accurate evaluations of a claimant's condition, assure that all relevant information is obtained, and simplify and expedite the decision-making process? For CDR beneficiaries, the demonstration differs from the evidentiary hearings in that demonstration interviews occur before a final decision is reached; on the other hand, the evidentiary hearings are part of an appeal and occur after the beneficiary has been informed that he or she is no longer considered eligible for disability benefits.

Objectives, Scope, and Methodology

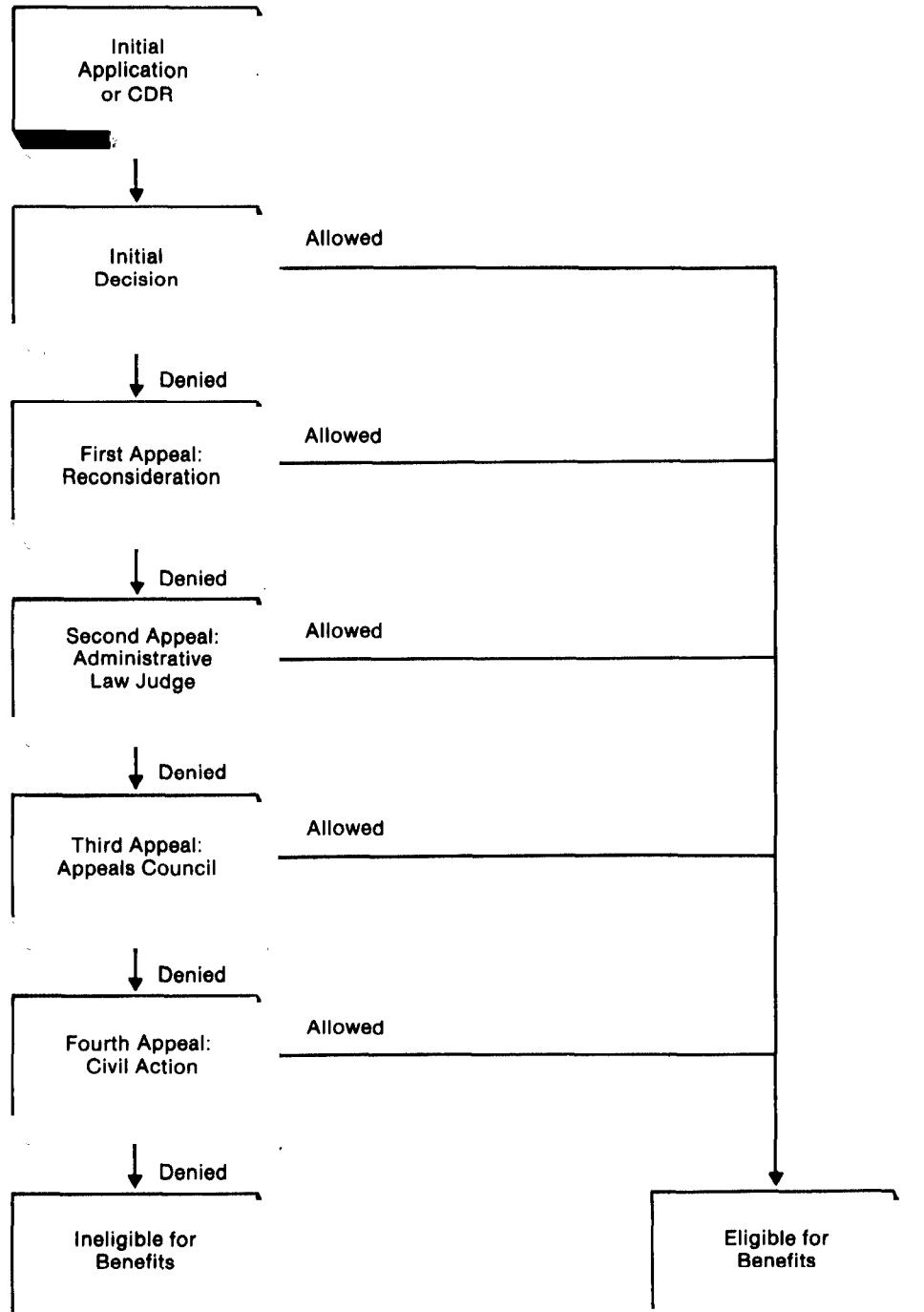
The former Chairman, House Subcommittee on Social Security, Committee on Ways and Means, requested that we evaluate several issues pertaining to the Social Security disability programs. Specifically, we were requested to observe how well the face-to-face interview demonstration projects are being implemented and evaluated. We discussed implementation with officials from SSA and participating states (Arizona, California, Florida, Maine, Michigan, Mississippi, Missouri, New Jersey, New Mexico, and Washington), and reviewed the scope of work and the analysis plan developed by SSA's evaluation contractor.

We began our work in March 1986 and in May 1987 completed our field work at SSA headquarters in Baltimore, SSA's regional office in San Francisco, and the California Disability Evaluation Division in Sacramento, California. California was selected because it was the only state to actually start processing demonstration cases in 1986.

To obtain information on the implementation of the state demonstration projects, we sent questionnaires to all the states planning to participate.

Social Security Disability: Observations on
Demonstration Interviews With
Disability Claimants

Figure 1: Initial Application and CDR
Decision Process



Since then, six of these states (Alabama, Georgia, Kansas, Montana, Nebraska, and Texas) have withdrawn from the projects and three new states (Florida, New Mexico, and Washington) have been added. Where state responses were unclear or raised additional questions, we telephoned program directors. To obtain more current data on implementation of the projects, we telephoned each state during May 1987, when each had had at least 2 months of experience with the projects. To determine whether the evaluation of the projects was likely to be useful, we reviewed SSA's contract file for the evaluation contract, the scope of work for the evaluation, and a draft of the contractor's analysis plan.

To gain insight on how face-to-face interviews might affect the Social Security disability programs, we examined case files in California, where applicants participated in a special interview project in 1985: 271 initial applicants were offered face-to-face interviews at the reconsideration level.⁵ These cases represent all cases where a reconsideration interview was offered and a decision made final between April 1 and June 30, 1985. Although the selection methodology used by California was not random, we believe these cases offer some insight into what might be expected from using face-to-face interviews in the demonstration projects.

Demonstration Projects Off to a Slow Start

Most states began implementing the face-to-face interviews in January 1987, more than 2 years after the legislation for demonstration projects was enacted. Because of delays in implementation, SSA did not meet the deadline of December 1986 mandated for the final report to the Congress. In a March 1987 interim report to the Congress, SSA officials estimated the final report would not be completed until September 1988.

SSA began planning for the demonstration projects in October 1984, when it sent a memorandum to all regional commissioners (1) outlining how the demonstration projects would operate and (2) requesting their comments. Proposed rules were circulated internally in January 1985, and participating states were selected in March 1985. Even though SSA began planning the demonstration projects shortly after passage of the legislation, implementation has not moved forward smoothly; between

⁵These interviews were held at the suggestion of SSA officials so that DDS hearing officers could maintain their skills during the moratorium on CDRs. California was 1 of 15 states that offered interviews during 1985.

January 1985 and January 1987, SSA continually postponed implementation.

Several problems contributed to the delays in implementation: SSA imposed a moratorium on CDRs between April 1984 and December 1985. This moratorium was a result of court decisions and significant confusion over the proper criteria for terminating benefits of those currently on the disability rolls. In 1984, amendments to Public Law 98-460 required SSA to develop a medical improvement review standard for terminating benefits. This standard was developed and the regulatory process completed late in 1985. During this period, SSA concentrated its efforts on developing the standard necessary to begin processing CDR cases and accomplished little with its demonstration projects. In January 1986, SSA authorized the states to resume the CDR process.

SSA also experienced delays in obtaining approvals for the implementation of the projects. For example, SSA initially planned to issue final program regulations for the projects by May 1985. The regulations were not published, however, until April 1986. According to the projects director, this delay resulted primarily from delays in obtaining approvals from the Department of Health and Human Services (HHS) and the Office of Management and Budget. In addition, before states could implement the projects, SSA had to develop and distribute a predecision notification form for the demonstration test group (see p. 14). This form notifies claimants that a preliminary decision has been made to deny or terminate their benefits and informs them of their rights to (1) present additional evidence of disability and (2) meet in a face-to-face interview with the examiner making the decision. SSA did not complete development of this predecision form until September 1986, when forms were issued.

Contracting for the Evaluation

SSA also experienced problems contracting for the evaluation of the demonstration. The initial contract was not awarded until August 1985 and was subsequently terminated because it had not been awarded in compliance with HHS requirements. The new contract, awarded almost a year later, was terminated in April 1987 because the contractor failed to do an adequate job.

Although SSA has planned to manage the demonstration projects, it contracted with Advanced Sciences Incorporated (ASI) to conduct the overall evaluation. According to SSA officials, an outside contractor was selected for several reasons, including (1) lack of in-house expertise

required to measure public reaction, (2) maximizing the impartiality and credibility of the evaluation, (3) helping to assure a more objective reaction from those being interviewed, and (4) providing for a more timely evaluation. The original contract was awarded to ASI on August 29, 1985. In September 1985, however, the contract was terminated because the HHS Office of the Inspector General (OIG) determined that it was a consultant contract and should, therefore, have been approved by the Secretary of HHS prior to award. On January 17, 1986, SSA requested the Secretary to give it authority to contract for consultant services; approval was granted in April 1986. On the basis of this approval, SSA reinitiated the procurement process. A new contract, substantially the same as the earlier contract, was awarded on July 3, 1986, to the same contractor that received the initial award; the contract was for \$1.5 million, about \$50,000 more than the original contract. In April 1987, SSA once again terminated the evaluation contract. According to SSA, the most recent termination took place because the contractor failed to meet the specified deadlines and claimed significant cost overruns while preparing the analysis plan and developing the survey questionnaire.

Currently, SSA intends to have OIG evaluate the projects. As of September 29, 1987, OIG officials had not developed an analysis plan. In addition, OIG and SSA officials had not reached a decision on whether a claimant satisfaction survey would be included in the evaluation. According to OIG officials, if claimant satisfaction was included, it would be a mail survey as opposed to the in-person interview planned by ASI.

From the originally planned implementation date of May 1985, the demonstration projects were delayed more than 20 months. At the December 1986 reporting deadline to the Congress, SSA had little actual experience with the demonstration. In the remainder of this report, we discuss how SSA expects the demonstration projects to work, and we summarize our concerns with the demonstration. In addition, we summarize our review of a special interview project, mentioned earlier. We also brought our concerns about the demonstration to the attention of the SSA Commissioner in a previous report.⁶ The Commissioner responded to the report in a May 29, 1987, letter, and her comments are included in this report, where appropriate (see app. I).

⁶Demonstration Projects Concerning Interviews With Disability Claimants (GAO/HRD-87-35, Feb. 19, 1987).

Law and Guidelines for Demonstration Projects

The law for the face-to-face interview demonstration projects requires the participation of at least five states for initial claim cases and five states for CDR cases. The five for initial claims are Arizona, Michigan, Mississippi, New Mexico, and Washington; the five for CDRs are California, Florida, Maine, Missouri, and New Jersey.

SSA guidelines for the demonstration projects provide for randomly placing cases in either a test or control group. In the test group, after initial review of the evidence and a preliminary decision to deny or terminate benefits, claimants will be offered an interview with the examiner deciding his or her case. A claimant will be allowed to present additional evidence, bring along representatives, and provide testimony at the interview about his or her disability.

After the interviews, examiners will make the final determinations. If benefits are denied or terminated, the next level of appeal will be to an ALJ. For test-group claimants, this face-to-face interview will replace the reconsideration level. Control-group claimants will go through the usual SSA appeals procedures for initial applicants and beneficiaries. An evaluation will be made of the disability determination process for claimants in the control and test groups. The data will be analyzed to determine whether the demonstration procedures result in more accurate and less costly decisions, fewer appeals, and a more expeditious decision-making process overall than the control procedures.

Implementing and Evaluating Demonstration Projects

In order for SSA to meet its objective—providing the Congress with quantitative data on the costs and effectiveness of adopting new appeals procedures based on face-to-face interviews earlier in the decision-making process—SSA will have to assure that the demonstration is carefully and consistently implemented and evaluated. The demonstration and evaluation should address the expected results of changes to the current system. These results (mentioned above) should be adequately defined and assessed in SSA's final report.

In our report to the SSA Commissioner, we stated that it may not be possible for SSA to adequately assess such results for these reasons:

- Several states indicated that they are not planning to implement the projects in accordance with SSA instructions. These differences may bias the projects' results. (In a response to our report, the SSA Commissioner stated that under the current federal-state arrangement, states have a

certain amount of flexibility in administering and managing their operations. If demonstration procedures are implemented nationwide, however, DDSs would not have the flexibility to, for example, exclude certain populations from the interview process. The demonstration should implement procedures that closely approximate those that would be adopted if the process was adopted nationwide. According to the SSA Commissioner, the state projects will be evaluated by taking into consideration the state DDSs' operational differences.)

- Demonstration results will not be statistically representative of all DDSs. In addition, because states participating in the demonstration's initial application portion have a relatively low volume of initial applications, the data could provide misleading results on the projects' operational effectiveness. (This situation has not changed since our report to the SSA Commissioner. According to her, the representativeness of the data nationwide will depend on how varied the results are between the five project states. According to statistical experts, regardless of the consistency of state data, SSA will not be able to draw a conclusion that is statistically representative of the nation.)
- CDR demonstration results will be compared against the evidentiary hearings process, both operationally new processes. (The Commissioner responded that SSA would work closely with OIG to evaluate the extent to which the learning curve has an impact on key measures of outcome in the projects.)
- Evaluating claimant satisfaction is a difficult task because it may not be possible to separate claimants' satisfaction with the process and satisfaction with the outcome. There is no statistical basis to believe that a claimant satisfaction survey for the states would represent claimants' knowledge, understanding, and satisfaction nationwide. In addition, fulfilling this portion of the evaluation contract is costly. As noted earlier, SSA and OIG are currently uncertain whether such an evaluation will take place because evaluating claimant satisfaction would be difficult and costly.

In May 1987 we contacted the states participating in the projects to update our information on implementation. We found that only California (a CDR demonstration state) and Michigan (an initial application demonstration state) said they would complete the required number of cases (5,000 cases for a CDR state and 6,000 for an initial application state) by the September 30, 1987, deadline set by SSA. On July 17, 1987, SSA officials told us that two states participating in the initial application demonstration will be given a 30-day extension so that at least three states will complete the desired initial caseload. In addition, SSA is giving three

states participating in the CDR demonstration a 30-day extension so that more cases can be completed.

SSA officials said that for the CDR demonstration, SSA will not have enough cases completed to achieve the necessary 400 cases appealed to the ALJ level. SSA's current data show that only about 100 to 125 cases will get to the ALJ level, which will require SSA to further qualify the CDR results.

With SSA's approval in most cases, states are using varying approaches to implement the projects. For example, eight states are using a two-examiner approach: one makes the initial decision and another conducts the interview and prepares the final decision. In two states, the examiner who makes the initial decision also holds the interview and makes the final decision. In two other states, some claimants are not offered the opportunity to participate in the projects because they do not live near the state DDS or, in the case of Arizona, because they are Indians. According to a state official, these claimants are precluded from the projects because it would be too costly to include them (for example, the state officials said that interpreters would be needed for the Indians).

Experience With Face-To-Face Interviews Provides Useful Insight

During 1985, before the current demonstration, California participated in a reconsideration interview project, mentioned earlier. The process used to conduct these interviews was generally comparable with that of the demonstration, except the scope of the project was smaller. For example, fewer applicants were offered interviews and only SSDI applicants were included in the California project. According to state officials, with the exceptions noted above, all cases were eligible for interviews.

All 333 case files in which face-to-face interviews were offered between April and June 1985 were considered for review. We selected this period to provide sufficient time for most cases appealed to the ALJ level to be completed. Some of these cases were excluded from our analysis, however, for one of the following reasons:

- No ALJ decision had been reached at the conclusion of our field work (14 cases).
- The case was remanded, without a decision, to be reevaluated by the state under new criteria for mental impairments (29 cases).
- SSA could not find the claimant's case file during the period of our review (19 cases).

Our observations are based on the remaining 271 cases. Recognizing the limitations of our sample, the results, nonetheless, provide some insights on how face-to-face interviews affected the decision-making process in California during our 3-month test period.

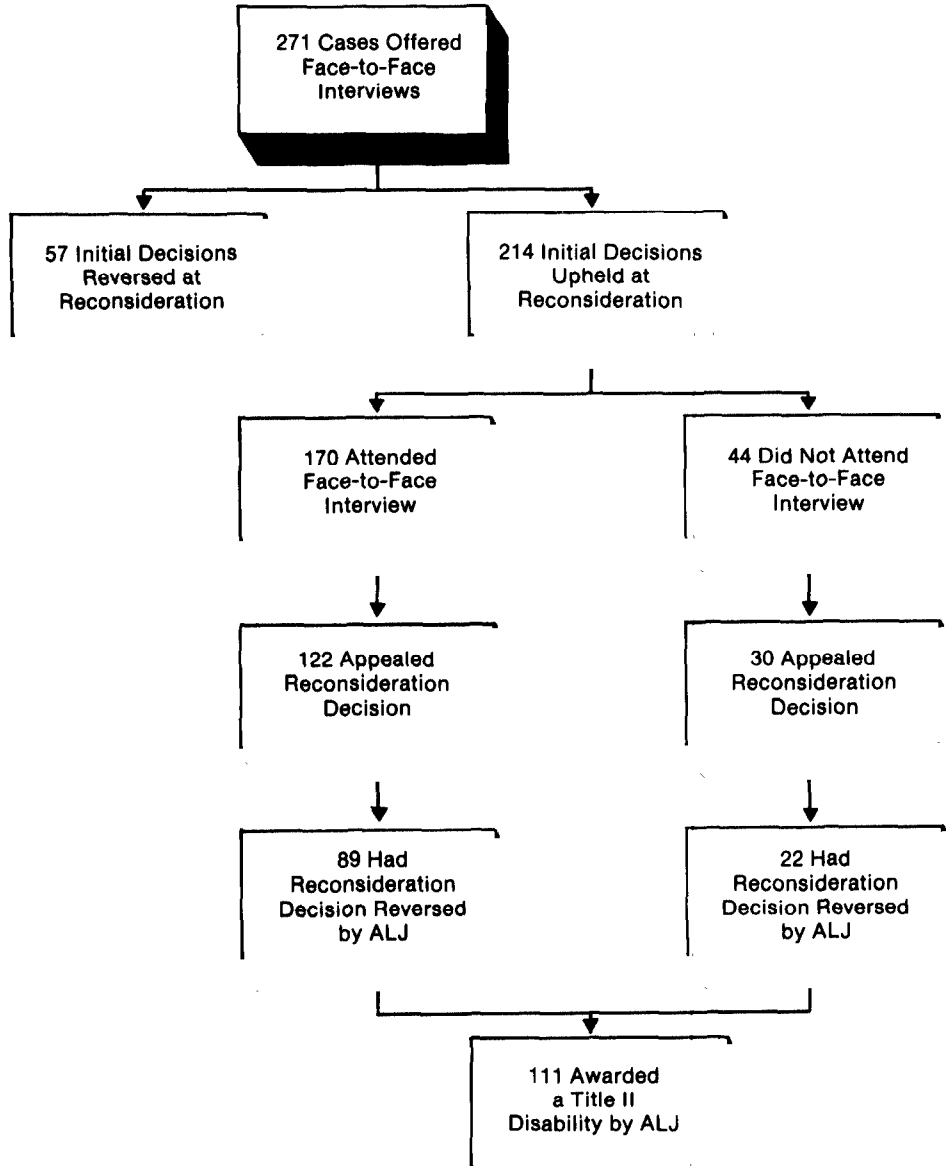
**Face-To-Face Interviews
Had Insignificant Impact
on Appeal or Reversal
Rates**

SSA and state officials generally expected or hoped that face-to-face interviews with initial applicants during the decision-making process would produce more accurate decisions and better satisfy applicants. Although it is costly and more time-consuming to have such interviews earlier in the process, it was expected to lower the rate of appealed decisions and, further, to result in appealed decisions being upheld by ALJs.

This did not happen in the cases we reviewed. About 72 percent of the applicants denied at reconsideration appealed to the ALJs. This is slightly higher than the 67 percent estimated by SSA's Office of Hearings and Appeals for such appeals in fiscal year 1985. SSA officials did not know why there was such a high rate of appeal. In addition, whether or not the applicant actually appeared at the interview had little impact on either the ALJ appeal or reversal rate. For example, 68 percent of our sample applicants who did not attend the face-to-face interview appealed to the ALJs; 72 percent of those applicants who did attend the interviews appealed to the ALJs.

The ALJ reversal rate was 73 percent (111 applicants) for those applicants who appealed after the face-to-face interview at the reconsideration level. (The outcomes for our sample cases are summarized in fig. 2.) In contrast, during the first quarter of fiscal year 1986, ALJs reversed about 64 percent of all California disability decisions appealed to them. Nationwide, in fiscal year 1985, ALJs reversed about 55 percent of the cases appealed. We could not determine why applicants offered an interview had a higher ALJ reversal rate than applicants who were not offered such an interview.

Figure 2: Outcomes of Face-to-Face
Interviews of Sample Cases in California



SSA officials said that a possible reason for the higher reversal rate on the cases we reviewed was that ALJs concluded the applicant's residual functional capacity (RFC) should be reduced, thus making the claimant eligible for benefits. RFC is a measure of the applicant's ability to perform work and is supposed to be prepared by a physician who reviews the case file. SSA officials noted that during the reconsideration interviews, if the hearing officer, based on the face-to-face interview, wanted to reduce the claimant's RFC, agreement had to be reached with the physician. If the physician refused, the RFC could not be changed. Physicians were not present at the interviews and based their decisions solely on evidence in applicants' files. This is the same review procedure that will be used in the demonstration projects.

We noted some differences between the reconsideration interviews and the ALJ hearings, which could contribute to the outcomes discussed above. For example, only 4 percent of the claimants were represented by an attorney at the reconsideration level, but 85 percent of the claimants had such representation at the ALJ level. Similarly, although 45 claimants (21 percent) waived or failed to show up for the reconsideration interviews, only 8 (5 percent) missed an ALJ hearing. In some cases, it appeared that the reconsideration interview was waived on advice of counsel. In over 80 percent of the appeals reversed at the ALJ level, the claimant submitted additional evidence not provided at the reconsideration interview. In over 30 percent of the cases we reviewed in detail, this additional evidence appeared to be a significant factor in the ALJ decision. For example, in one case, evidence provided to the hearing officer was general, consisting primarily of hospital records. The additional evidence presented to the ALJ more specifically addressed the disabling condition, including reports from the treating physicians and laboratory tests. Where additional evidence had an impact on the ALJ decision, in only 3 of the 10 cases the evidence clearly related to a new or changed disabling condition. This further demonstrates that applicants, for whatever reason, may not be presenting their cases in the best light and at the earliest opportunity.

Finally, our review in California indicates that providing a face-to-face interview for initial applicants may be quite costly. During our 3-month test period, interviewing, scheduling, and clerical work for all reconsideration interviews averaged almost 7 hours a case. Reconsideration averaged about 3 hours a case without the offer of an interview and the corresponding scheduling and decision-writing requirements. During our 3-month test period, 15,774 initial applicants filed for reconsideration in California. If over 80 percent of these applicants accepted the offer of a

face-to-face interview, as was the case for our sample, we estimate it would have necessitated an increase of at least 17 staff years. This estimate does not include any travel costs, loss of productivity during travel, or office space costs in remote areas.

Conclusions

In evaluating the demonstration projects, it is important to remember what purpose the Social Security disability appeal process serves—namely, to provide due process protection for people whose disability benefits have been denied or terminated. The current appeal procedures provide this protection. In fact, for beneficiaries undergoing CDRs, at least two hearings are available.

Any changes to the current system should be carefully considered, objectively demonstrating merits that would justify revising this system. These merits—such as more accurate and timely decisions at a lower level—should be objectively measured during the projects' evaluation process.

We had several concerns about the implementation of the projects, which could limit the results of the evaluation, and we reported on them to the SSA Commissioner. Although we still have concern that the data are not statistically representative of the nation, we believe SSA's stated actions are generally responsive to our recommendations. In addition, our review of face-to-face interviews held in California during 1985 showed that the interviews did not lower the number of cases appealed nor the number of decisions reversed by the ALJs. Although the interviews held in California were generally comparable with those in the demonstration, the scope of the earlier project was more limited.

Comments From the Social Security Administration on GAO/HRD-87-35



THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

MAY 29 1987

Mr. Joseph F. Delfico
Senior Associate Director
Human Resources Division
United States General Accounting Office
441 G Street, N.W., Room 6739
Washington, D.C. 20548

Dear Mr. Delfico:

Enclosed is our response to the report. If we can be of further assistance, please let us know.

Sincerely,

A handwritten signature in cursive script that reads "Dorcas R. Hardy".

Dorcas R. Hardy
Commissioner
of Social Security

COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION ON THE GENERAL
ACCOUNTING OFFICE'S FINAL REPORT, "SOCIAL SECURITY--DEMONSTRATION
PROJECTS CONCERNING INTERVIEWS WITH DISABILITY CLAIMANTS"

General

The Social Security Administration (SSA) recently terminated the demonstration projects evaluation contract. Instead, the Department of Health and Human Services' Office of Inspector General (OIG) will perform the evaluation. The issue of whether and how to include measurement of client satisfaction in the overall evaluation will be considered as the evaluation plan is developed.

The report concludes that: (1) the projects results will not provide statistically valid estimates; (2) States are not consistently following project guidelines, which may bias the projects' results; (3) reliability of data from the continuing disability review (CDR) phase of the projects is questionable, since the States have had little experience with the new process; and (4) evaluating claimant satisfaction will be difficult and costly, and has not been adequately addressed in the contractor's survey plan.

About the first conclusion, given the variation among States, no simple random sample of five States could adequately represent the Nation. We have attempted to choose States which represent the range of characteristics of all States in the Nation. The accuracy of nationwide projections based on a sample of five States will depend on how varied the results are among the project States.

Concerning the consistency of States in implementing the projects, we believe all of the participating States are following the basic project guidelines for processing demonstration cases. These projects are demonstrations of how the face-to-face interview process would work under the existing Federal-State arrangement, in which the States have a certain amount of flexibility to administer and manage the State disability determination services. Thus, the variables that exist reflect the fact that the demonstration projects must operate within the constraints of each particular State. Reasonable efforts have been made to use examiners with similar skills and expertise to process both demonstration and control cases. Our data collection and analysis will consider all of these variables, and we are confident that sufficient controls are in place to permit an adequate assessment of the project.

About the third General Accounting Office (GAO) conclusion listed above, we are aware of the "learning curve" associated with both the demonstration process and the CDR hearings process. In fact, it may be advantageous that the hearings process is not well established in State operations since both processes will be going through a development stage and face similar learning curves. Thus, the processes may be more comparable than would be the case in other circumstances. We will work closely with OIG to evaluate the extent to which the learning curve impacts key outcome measures in this project. The process evaluation will provide SSA with valuable information about changes in the operations of these processes over time.

Concerning measurement of client satisfaction, as mentioned above, we are now uncertain whether such an evaluation will take place. We share GAO's concerns that evaluating claimant satisfaction will be difficult and costly, but we will explore ways of determining client satisfaction within the evolving project evaluation plan.

GAO Recommendation

Require that all States implement the demonstration projects consistently or, if such consistency is not practical, require that the evaluation contractor account for such inconsistencies in the evaluation.

SSA Comment

We agree that accounting for any inconsistencies in implementation of the projects is important. The projects will be evaluated at the State level, taking into consideration the particular operating procedures and methods in each State. As indicated in the general section above, we will consider any operational differences in the evaluation.

GAO Recommendation

Evaluate the need for additional resources for States participating in the demonstration projects.

SSA Comment

We concur, and, where necessary, we have allocated additional funds or made appropriate workload adjustments.

GAO Recommendation

Identify and consider alternative data collection approaches for measuring claimants' satisfaction, given the costs for in-person interviews and the difficulty in separating claimant satisfaction with the process from satisfaction with the decision.

SSA Comment

As indicated in the general section above, we are now considering whether to include measurement of client satisfaction in the overall evaluation of the projects.

Other Matters

In several sections of the report, references are made to the examiner making the final decision following the face-to-face interview, with the implication that the examiner is the sole decisionmaker. This is incorrect. Following the interview, the examiner/physician team makes the decision on demonstration cases.

The report also notes (page 17) that SSA project staff indicated that additional States may be selected to participate in the project. We believe the States that are now participating will provide a good test of the demonstration procedures, and we have no plans to include additional States.

SSA issued an interim report to Congress (copy attached) on March 3, 1987, which explained why the start of the projects had been delayed and described the various activities undertaken to date in preparation for full implementation.

Attachment:
Interim report

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