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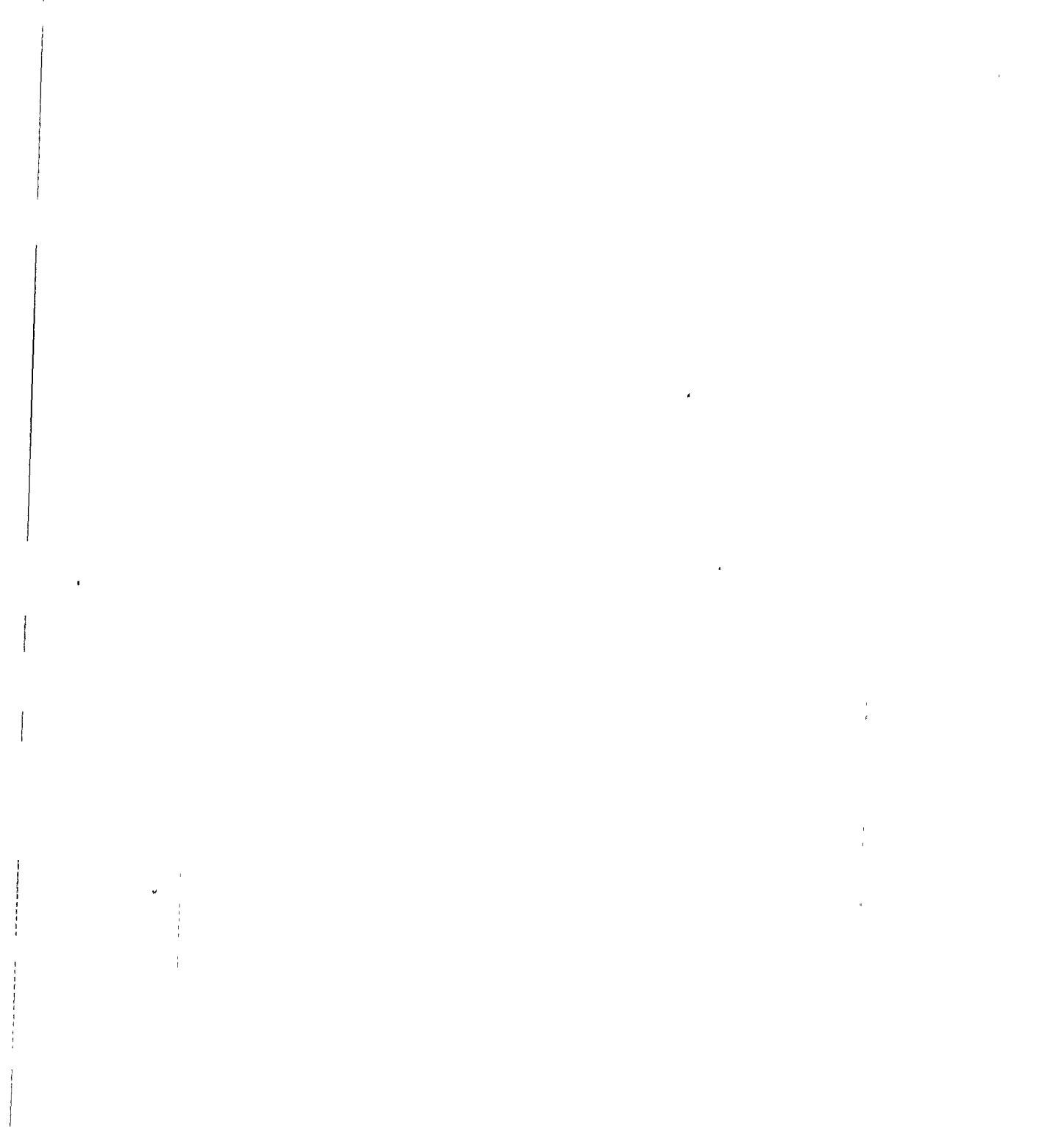
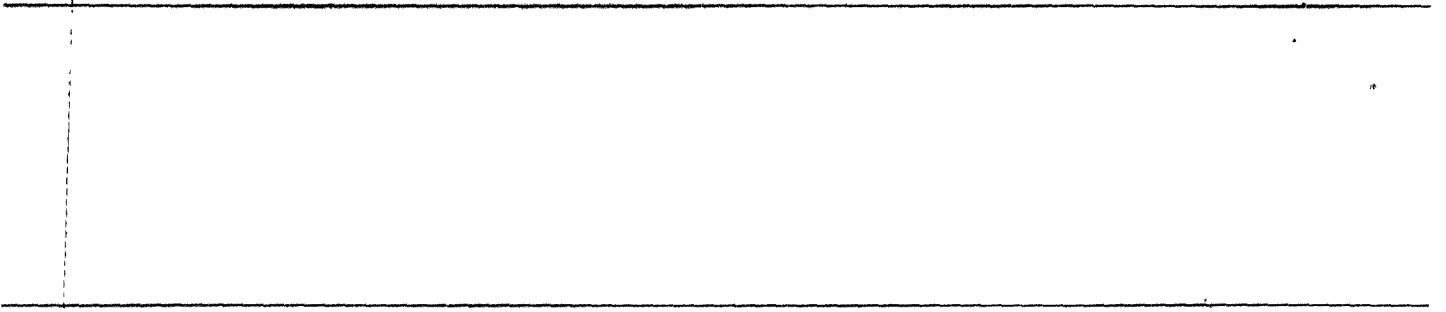
Report to the Commissioner, Social Security Administration, Department of Health and Human Services

February 1987

# SOCIAL SECURITY

## Demonstration Projects Concerning Interviews With Disability Claimants





**Human Resources Division  
B-224648**

February 19, 1987

Ms Dorcas Hardy  
Commissioner, Social Security Administration  
Department of Health and Human Services

Dear Ms Hardy:

The Chairman, Subcommittee on Social Security, House Committee on Ways and Means, requested that we observe how well the Social Security Administration's (SSA's) demonstration projects are being implemented and evaluated. The demonstration projects were mandated by the Social Security Disability Benefits Reform Act of 1984 (Public Law 98-460). These projects involve interviews with disability claimants at the initial decision level, before a final unfavorable decision is made by the state disability agencies. The claimants are initial applicants and beneficiaries whose claims are being examined for eligibility through continuing disability reviews.

We began our work in March 1986, and completed fieldwork in September 1986. We discussed implementation with officials from SSA and participating states; we reviewed (1) the scope of work for the contractor hired by SSA to evaluate the projects and (2) the design and analysis plan developed by the contractor.

The projects include certain factors that we believe may detract from a successful demonstration because of the following:

- Demonstration results will not provide statistically valid estimates for all the social security disability programs. In addition, because states currently participating in the demonstration's initial application portion have a relatively low volume of initial applications, the results could prove misleading for the demonstration's operational effectiveness
- Responses from several states indicate that they are not planning to implement the demonstration in accordance with SSA instructions, primarily because of inadequate resources. Such implementing differences include the following: (1) no random division of the examiner work force for the control and test groups and (2) variations among the states in the case selection procedures. These differences may bias the demonstration's results.
- The continuing disability review demonstration results (for the test group) will be compared against the more formal (evidentiary) hearings process (for the control group), but there are no historical baseline data

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for such evidentiary hearings. Therefore, both the test and the control processes will be operationally new.

- Evaluating claimant satisfaction, a difficult and costly task, has not been adequately addressed in the evaluation contractor's survey plan. There is no statistical basis to believe that the claimant satisfaction survey data from the states will represent claimants' knowledge, understanding of, and satisfaction with, the projects nationwide.

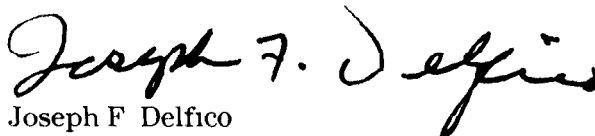
To help assure that the demonstration and its evaluation provide the Congress with objective and meaningful data, we are recommending that you

- 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 design;
- determine whether additional resources are needed for states participating in the demonstration projects to assure that the projects are implemented as intended in each state; and
- identify and consider alternative approaches for measuring the claimants' satisfaction, given the costs of personal interviews and the potential problems with attitudinal surveys.

Appendix I discusses these issues and recommendations in more detail.

Copies of this report are being sent to the Secretary of Health and Human Services and the Department's Office of Inspector General. A copy of this report is also being sent to the Chairman, Subcommittee on Social Security, House Committee on Ways and Means. We would appreciate being advised of any actions you plan to take on our recommendations.

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
DDS	Disability Determination Service
SSA	Social Security Administration



# Demonstration Projects Concerning Interviews With Disability Claimants

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## Introduction

Disability decisions are made by state agencies known as disability determination services (DDSS). Examiners at the DDSS review disability applications and make the initial disability determination (decision). 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." In addition to making the initial decision, the DDS examiners periodically review those on the disability rolls for continuing eligibility. These reviews, which are required by law, are called continuing disability reviews (CDRS).

In 1983, the Congress responded to criticisms of the CDR process by enacting a provision in Public Law 97-455. This required that claimants being terminated from the disability rolls be given an opportunity to continue receiving their benefits until they have had an evidentiary hearing<sup>1</sup> of their case. Although evidentiary hearings have typically only been held by administrative law judges (ALJs) in the social security disability programs, such hearings are also now being held at the reconsideration level. At this stage of the disability decision, each beneficiary is to be given the opportunity to present his or her case to a DDS hearing officer.

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 claimants and decision makers during the decision-making process at the DDS. These interviews are to be conducted at the initial decision level (for both initial applicants and CDRS) before a final unfavorable decision is made by the DDS. The demonstration projects are intended to test whether face-to-face interviews at the initial decision level result in better decisions at this level in the disability determination process, and at what cost. The Congress mandated that the Social Security Administration (SSA) report to it the results of the demonstration projects by December 1986. SSA did not meet this reporting requirement because, as of December 31, 1986, only California had started the project. SSA wants the states to complete their portion of the projects by September 30, 1987.

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## Objective, Scope, and Methodology

The Chairman, Subcommittee on Social Security, House Committee on Ways and Means, requested that we evaluate several issues pertaining to the social security disability programs. Specifically, we were

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<sup>1</sup>The opportunity afforded claimants for introducing evidence and being represented by counsel.



requested to observe how well the face-to-face demonstration projects are being implemented and evaluated. We discussed implementation plans with officials from SSA and participating states, and reviewed the scope of work and the design and analysis plan developed by a contractor selected by SSA to evaluate the projects. Consultants with expertise in administrative law and appeals systems assisted us in analyzing the evaluation strategy.

We began our work in March 1986 and completed fieldwork in September 1986. Our fieldwork was done 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 appeared to be the furthest along in getting ready for the demonstration projects.

To obtain information on the implementation of the demonstration projects at the state level, in July 1986 we sent questionnaires to all states planning to participate in the projects. Since our questionnaire, six of these states 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 called program directors by telephone. Additionally, we reviewed SSA contract files

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## How Will the Demonstration Projects Work?

In March 1985, SSA selected 15 states to participate in the demonstration projects. Six of these states—Alabama, Georgia, Kansas, Montana, Nebraska, and Texas—dropped out of the projects in 1986. They decided against participation, primarily because of staffing restrictions and the demands of competing workloads. The law requires that at least five states participate for initial application claim cases and five states for CDR cases. The participating states and kinds of claims they will process during the demonstration are as follows: for initial application claim cases, Arizona, Michigan, Mississippi, New Mexico, and Washington, for CDR cases, California, Florida, Maine, New Jersey, and Missouri

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 terminate or deny, claimants (including beneficiaries for CDRs) will be offered an interview with the examiner deciding their cases. The claimants will be allowed to present additional evidence and provide testimony at the

interview concerning their disability; they will also be allowed to bring along representatives. After the interviews, examiners will make their final decisions. For test-group claimants, this face-to-face interview will replace the reconsideration process. Cases assigned to the control group will be treated in accordance with SSA's existing appeals process for initial applicants and CDR cases. For initial applicant cases, reconsideration consists of a file review by a second decision maker. For CDR cases, the reconsideration process involves an evidentiary hearing between the claimant and a DDS hearing officer. Benefit denials or terminations, for either test group or control group participants, can be appealed. Appeals are heard by ALJs.

To measure the projects' effects, SSA awarded a \$1.5 million contract to Advanced Sciences Incorporated (ASI) in July 1986. ASI plans to compare both initial and CDR test and control groups in terms of a number of outcome variables. This evaluation design rests on the premise that if each initial applicant and CDR case reviewed by a state is randomly assigned to either a control or a test group, these two groups should be theoretically the same in all respects except for the disability determination process they undergo. Therefore, when there is a statistically significant difference between the test group and the control group concerning a particular outcome variable, it can be inferred that this difference is the result of the disability determination process used. To evaluate the effect of face-to-face interviews on disability decisions, ASI is planning to use data from test and control cases on

- appropriateness of decisions,
- initial applicant allowance/CDR continuance rates,
- rate of claimant appeals to the ALJ level, and
- rate of reversals at the ALJ (and higher court) levels.

Data on DDS case-processing costs and time will be used to evaluate the effect of face-to-face interviews on the disability determination process. All of these data will come from either SSA administrative records or data collection instruments completed by DDS staff during the disability determination process. SSA and each state will provide the contractor with data for all the initial and CDR cases the states process.

ASI will also evaluate the claimant's understanding of, and satisfaction with, the DDS disability determination process. Data will come from a survey of both initial applicant and CDR test and control cases in each participating state. A subcontractor will conduct structured interviews with a sample of demonstration (test) participants after the final DDS

disability decision; the subcontractor will conduct a second interview after the hearing with an ALJ, if the claimant appeals.

The structured interview consists of standardized questions about claimants'

- knowledge of the eligibility criteria;
- understanding of, and satisfaction with, the DDS disability determination process;
- satisfaction with the DDS decision;
- understanding of, and satisfaction with, the appeals process; and
- satisfaction with the ALJ decision.

After choosing a sample of SSA district offices in each participating state, ASI will interview 25 percent of the claimants involved in each of the offices sampled. This sampling plan will allow the contractor to statistically estimate survey results for the entire population of test and control cases throughout all demonstration states. In addition to a quantitative evaluation of the effects of the demonstration, ASI will do a qualitative evaluation of the determination process itself. This evaluation will rely on anecdotal information, provided by disability examiners, about the process.

In order to meet its objective of providing the Congress with quantitative data on the costs and effectiveness of adopting new appeals procedures, SSA will have to assure that the demonstration is carefully and consistently implemented and evaluated. When reporting the demonstration's results, SSA should identify its financial, legal, and processing impacts. SSA will also need to assess the extent to which the demonstration resulted in states' reaching better decisions earlier in the disability determination process.

In our opinion, however, it may not be possible for SSA to adequately assess these areas because (1) results of the demonstration projects cannot be statistically estimated nationwide, (2) states are not consistently implementing the projects, (3) the use of the demonstration control group involving the CDR process may not be appropriate or may be potentially misleading, and (4) evaluating claimant satisfaction will be difficult. These are discussed in more detail below.

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## Results of Demonstration Projects Cannot Be Estimated Nationwide

SSA will not be able to statistically estimate the demonstration outcomes throughout the disability programs. Moreover, because the states currently participating in the demonstration's initial application project have a relatively low volume of initial applications, the results could be misleading for the demonstration's operational effectiveness.

In the 1984 legislation for the demonstration, the Congress required that at least five states be selected to participate in both the initial application and CDR projects. The objective was to determine how demonstration processes would affect the program if adopted nationwide. According to SSA officials, states were selected to participate in the projects based on geographic, demographic, and organizational characteristics. A state's willingness to participate was also an important selection consideration.

Although SSA wants to estimate the projects' results nationally, it will not be able to. The states participating in the projects were selected judgmentally, and several states have dropped out of SSA's original sample. The nonrandom selection of states introduces an unknown bias to the estimates of outcome measures from pooled state data. Any inference from these estimates to national behavior is risky without further study of the potential bias. It is difficult to infer from the list of CDR and initial application states what the direction of bias, if any, might be. As a result of the selection methodology, the projects' outcomes can be estimated only for participating states, not for the nation as a whole.

Moreover, the five states testing the initial application processes are not representative of all the state agencies, and, thus, all the costs and benefits of these processes may not be identified. None of the participating states are geographically large, centralized<sup>2</sup> high-volume states. For example, three of the five states have a low number of initial applications, and none are in the top five, based on the number of claimants. The number of applications could be a significant factor in the face-to-face interview process.

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<sup>2</sup>DDS operations in 18 states are decentralized. The remaining DDSs operate out of one location in each state.

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**State Implementation  
May Bias the Projects'  
Results**

Results of the projects may be biased. States are not consistently following SSA guidelines; in addition, how the contractor plans to assure that such inconsistencies are considered during the projects' evaluation is not indicated in the scope of the contractor's work or in its design and analysis plan.

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**Examiners' Expertise Will  
Vary Among the States**

Responses to our questionnaire from several states indicate that they are not implementing the projects in accordance with SSA instructions. For example, although SSA instructions indicated that the examiner work force should be randomly divided into two groups, both equal with regard to experience and performance, not all states are complying. In California, trained hearing officers (not examiners) will perform the initial reviews and conduct the predetermination interviews with test group claimants. Generally, the most experienced and proficient staff were selected to become hearing officers. To the extent that trained hearing officers used in California are more productive, biased estimates of processing costs, timeliness, accuracy, and, possibly, other outcome measures (including claimant understanding and satisfaction) could result.

In a move to reduce DDS costs, SSA decided in November 1986 that states could use one person, probably an examiner, to make initial decisions and another person, probably a hearing officer, to conduct the interview and make the final decision. This procedure is not mandatory. States are free to determine on which cases to use a single examiner to make initial and final decisions and on which to use different examiners to make initial and final decisions. Eight of the 10 participating states planned to use the two-examiner approach as of early December 1986. Officials from three states indicated they would use combinations of the one-examiner and two-examiner approaches. Using such a process, in our opinion, could defeat the purpose of the face-to-face aspect of the demonstration projects because of the influences, such as experience, a second person could have. In our opinion, it will therefore be difficult to determine whether a preliminary decision was reversed because of the face-to-face meeting or because a different examiner decided the case.

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**Resource Limitations May  
Restrict State Participation**

Some states indicated they may no longer be able to participate because of limited resources; others may have to reduce the number of cases in the demonstration or screen out those cases more costly to do, which could jeopardize the validity of the projects' results. Since March 1986,

DDSs have been under a hiring freeze. In addition, SSA established productivity standards for state operations starting in fiscal year 1987. Neither the hiring freeze nor the productivity standards considered the workload impact of the demonstration projects.

Several states responding to our questionnaire indicated that their inability to hire additional staff or, in one case, even fill vacancies, coupled with the increased workload of the demonstration might cause them to withdraw from the projects. Indeed, two states—Alabama and Nebraska—did drop out of the project in early September 1986 because of such workload problems. Uncertainty as to whether states would continue to participate in the demonstrations has contributed to some of the delays in getting the projects started.

Initial application states will be required to perform substantial additional work. Under existing processes, the states review the case file and determine eligibility. Under test processes, examiners will not only have to review case files, but, also, for those cases tentatively denied, examiners must actually meet with the claimants and prepare written decisions. Additionally, funds must be made available for travel by either the claimant or the DDS examiners. In its plan developed for the project, Michigan estimated that costs would increase by almost \$52 per case (about 56 percent).

The absence of adequate funding to support the demonstration projects may result in two options: a smaller number of cases reviewed or the exclusion of cases requiring travel, interpreters, or other processes that may increase the cost per case. A smaller number of cases may significantly reduce the number of cases available, in a given period of time, for the contractor's claimant satisfaction survey. If the cut in cases is severe, the precision of sample estimates could be threatened. If the option is to exclude the more costly travel cases, there would be a bias downward in any estimates of case-processing costs from administrative and claimant satisfaction survey data. In a meeting between SSA officials and participating states on December 3 and 4, 1986, SSA said that it planned to make available some additional funds for travel.

#### Case Sizes Will Vary Among the States

Not all states are planning to process the number of cases specified by SSA. According to SSA officials, 400 cases should reach the ALJ appeals level from both the test and control groups. Based on historical levels of denials, terminations, and appeals, the SSA statisticians estimated this would require 6,000 cases for each initial application state and at least

5,000 cases for each CDR state. In responding to our questionnaire, 2 of the 10 states in the demonstration projects indicated they would process fewer cases than those stipulated by SSA. State officials estimated they would process about 1,000 cases, rather than the 6,000 cases stipulated. The evaluation design rests on the presumption that a certain number of cases will flow through the various paths in the DDS determination and appeals process during a given period of time. If the actual number of cases is substantially lower than estimated, the design might not meet evaluation objectives.

SSA officials stated that because accurate and complete state data were important to the projects, their time frames may have to be expanded to allow all states sufficient time to select and process cases. This may be an appropriate solution if all states can process the number of required cases. At a meeting with the states in early December 1986, however, SSA officials indicated that they wanted to complete the state portion of the projects no later than September 30, 1987. Several states indicated this may not be sufficient time to process the required number of cases.

#### Case Selection Will Vary Among the States

Case selection procedures in some states might result in providing biased data on costs and could leave gaps in data on operational effects of test procedures. SSA procedures require that cases (both initial claims and CDRs) be assigned at random to either the test or control groups as they are received in the state. This assures that a representative sample is processed under each alternative. No bias should be encountered based on any unique case attributes, such as geographical location or cases requiring language interpreters.

Based on our questionnaire responses, however, two states do not plan to follow these guidelines. Instead, they plan to limit project participation in such a way that the cost estimates and other data relevant to the projects' outcomes could be biased. Arizona officials do not plan to include any Navajo Indians (about 5 percent of the state's caseload) in their project. According to state officials, this procedure is being used to limit project costs. It eliminates the need for and cost of interpreters. Mississippi also plans to limit participation to those cases in the metropolitan area near the state's DDS office.

The decision of any state in the demonstration to exclude cases from some geographic areas could introduce bias into the estimates of outcomes, particularly with respect to productivity, travel, and the costs of processing cases. There are no assurances that client understanding and

satisfaction will not be biased since rural claimants may respond differently from urban claimants. Likewise, by eliminating Indians from project participation, Arizona could be ignoring potential problems with the face-to-face interviews, such as cost and availability of qualified interpreters.

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## **CDR Test Process Compared With Control Process**

The contractor will measure the effect of the face-to-face interview on CDR cases by comparing various outcomes (such as cost and rate of appeals) of cases given interviews with the outcomes of cases processed in the usual manner. Although the evidentiary hearings became a part of the standard CDR process in 1984, they did not begin to be fully implemented until SSA concluded a moratorium on CDRs in January 1986. Prior to the implementation of evidentiary hearings, reconsideration for CDRs consisted of a file review similar to that conducted for initial applications.

When new processes (like face-to-face interviews and evidentiary hearings) are initiated, it usually takes a period of time for staff to learn and become comfortable with them. Because of this "learning curve," it is not likely that a new process will be implemented initially exactly as intended. Case outcomes during a process's learning period might not be the same as case outcomes once that process is firmly established

Before a state's demonstration project is completed, the state agency staff might not have had enough time to learn to conduct either the face-to-face interviews or evidentiary hearings exactly as intended. It is possible, therefore, that case outcomes during this time might differ significantly from case outcomes after state agencies had implemented each process long enough to become more proficient. In its evaluation approach, the contractor does not appear to recognize, or take into account, the potential influence of the learning curve associated with both processes.

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## **Evaluating Claimant Satisfaction Will Be Difficult and Costly**

Evaluating claimant satisfaction is a difficult task and has not been adequately addressed in the evaluation contractor's survey plan. Moreover, fulfilling this portion of SSA's evaluation contract is costly. The statement of work for the evaluation contract outlines two objectives for the demonstration:



- To test whether a face-to-face meeting between the claimant and the decision maker before a final decision results in better decisions and in a more expeditious decision process overall.
- To test whether a face-to-face meeting improves claimant understanding and acceptance of the disability decision process

The first objective addresses effectiveness issues raised during hearings on the demonstration projects legislation. The second objective, however, was not discussed in either the legislation or committee reports. In discussions with SSA officials after the legislation was enacted, staff members from the House Social Security Subcommittee, Committee on Ways and Means, expressed interest in claimant satisfaction. SSA, therefore, decided to include an analysis of claimant satisfaction as part of the projects' evaluation.

Determining claimant satisfaction will be costly. To obtain data in this area, the contractor plans to conduct about 5,080 in-person interviews with claimants in the projects' test and control groups. The contractor is being paid at a fixed rate of \$130 per interview. Including analysis of interview data and associated indirect costs, we estimate that efforts to determine claimant satisfaction will cost over \$800,000, about 52 percent of the total contract cost.

The SSA work statement specifies that the contractor's claimant satisfaction measures should distinguish between the respondent's satisfaction with the process and satisfaction with its outcome. In the original technical proposal, ASI stated that it would perform a literature search on separating these two concepts, report to SSA on the results, and apply relevant techniques when designing interview instruments for this survey. The evaluation plan contained no information on how the contractor intends to distinguish between these two areas.

Moreover, given the proposed sample sizes at different stages of the disability determination and appeals process within each state, the statistical reliability of generalizations about the demonstration will differ from state to state and from stage to stage within each state. Once again, there is no statistical basis to believe that survey data from demonstration states represent claimants' knowledge, understanding, and satisfaction nationwide.

Because of the costs of conducting the interviews and the difficulty in separating claimants' satisfaction with the process and satisfaction with its outcome, we believe SSA should explore the possibility of alternative

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approaches for measuring claimants' satisfaction. For example, a telephone survey rather than an in-person interview could reduce the evaluation costs by over \$400,000. We have recently used computer-assisted telephone interviews with success.

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## Conclusions

In evaluating the demonstration projects, it is important to remember what purpose the disability appeals process serves—namely, to provide due process protection for people whose disability benefits have been denied or terminated. The current appeals procedures, complex and time-consuming as they are, provide these protections. In fact, for those claimants undergoing CDR reviews, at least two hearings are available

Any changes to the current system must be carefully considered. They should be demonstrated to have merits that would justify replacing the existing system. These merits—reduced cost, improved claimant satisfaction, and better and more timely decisions at a lower level—should be established in the projects' objectives and measured during the projects' evaluation process.

We recognize the need for fiscal responsibility in performing and evaluating the demonstration projects. We also recognize the importance the demonstration's results could have on the disability program and its costs. It is questionable whether the demonstration projects currently implemented by SSA will successfully meet the objectives described above. In its project design and implementation, SSA has allowed variables to enter the picture that currently are not being adequately controlled for. As a result, it is unlikely that the demonstration projects will provide sufficient information for the Congress to adequately assess the need to change the disability appeals process.

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## Recommendations

We recommend that SSA

- 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;
- evaluate the need for additional resources for states participating in the demonstration projects; and
- 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.

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**Appendix I  
Demonstration Projects Concerning  
Interviews With Disability Claimants**

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Finally, project staff indicated to us that some additional states may be selected to participate in the project. If this occurs, we believe SSA should broaden the demonstration's perspective by selecting states that might be more representative of state operations, such as a large, centrally administered state where the travel involved with personal interviews would be costly. Although including such states will still not allow statistically valid national estimates, we believe the inclusion would provide a more accurate picture of the demonstration's potential impact nationwide.



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