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Testimony

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SOCIAL SECURITY

SSA Needs to Improve
Service for Program
Participants

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SUMMARY

SSA operates the Disability Insurance and the Supplemental Security Income programs, which provide income protection for qualified disabled individuals. SSA administers the programs with the help of state disability determination services (DDSs), which make the initial determinations of disability and conduct periodic reassessments of program participants' medical eligibility through continuing disability reviews (CDRs).

SSA and the DDSs are experiencing inordinate delays in processing disability claims, with processing times of about 5 months in some states. Initial claims for disability benefits reached an all-time high in fiscal year 1992.

SSA has taken a number of actions to reduce processing times and keep up with increases in benefit claims. As early as fiscal year 1990--when the surge in claims first started--SSA began reducing the number of CDRs performed and shifting CDR resources to processing initial claims. This action is estimated to cost the trust funds \$1.4 billion through 1997 in unnecessary payments to persons who such reviews would identify as having medically recovered from their disabilities. SSA also started increasing DDS staff in 1991 following several years of reductions.

Despite these efforts, a claims backlog has continued to grow and reached an all-time high in February, 1992. At that time, SSA intensified efforts to improve processing times by initiating a series of short-term initiatives and by using its \$100 million contingency fund. Since February 1992, some progress has been made in reducing pending claims. However, the prognosis for the rest of fiscal year 1993 is not good as SSA estimates that DDSs will fall further behind in efforts to keep pace with claim receipts.

While this current disability claim crisis has immediate and short-term implications, SSA has embarked on a long-range strategic planning process designed to improve service for all its beneficiaries. At this point, however, SSA has not completely decided how it plans to do business in the future, nor has it identified the total automation systems costs that major process redesigns would entail. SSA needs to solicit external input on its plan to determine the level of service its clients expect and to develop support among the public and the Congress for its strategic direction.

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Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to testify today on the Social Security Administration's (SSA's) efforts to improve service to the public. My testimony addresses the long delays in processing claims for disability applicants and the reduction in the number of continuing disability reviews (CDRs). My testimony will also focus on SSA's long-range plans to improve overall service levels.

We are concerned that state disability determination services' (DDSs') use of overtime and other short-term initiatives may not be adequate to reduce the disability application backlogs to acceptable levels. Also, the low number of CDRs performed results in losses to the trust funds and reduces program integrity. These short-term issues must be addressed. For the long term, SSA should complete work on its service delivery plan --which outlines how the agency plans to provide service in the future--before it embarks on piecemeal or costly fixes that freeze current processes in place.

DISABILITY CLAIM PROCESSING DELAYS

SSA operates both the Disability Insurance (DI) and the Supplemental Security Income (SSI) programs, which provide income protection for qualified disabled individuals. SSA administers the programs with the help of the DDSs, which make the initial determinations of disability and conduct the periodic reassessments of the medical eligibility of program participants, called CDRs.

In recent years, SSA has experienced significant operational problems due to unprecedented increases in claims for benefits under the DI and SSI programs. As a result of increased workload pressures, SSA and the DDSs are experiencing inordinate delays in processing disability claims. In February 1993, the average processing time nationwide was 103 days. At the state level, there are large variations in processing times. For example, the average time to process claims ranges from under 70 days in North Carolina and Missouri to over 140 days in California, Hawaii, Nevada, and Ohio.

SSA has taken a number of actions designed to reduce processing times and keep up with the increase in benefit claims. SSA reduced the number of CDRs performed in each of the last few years and shifted these resources to processing initial claims. SSA has also increased DDS staffing in an attempt to keep up with claims receipts.

In February 1992, SSA intensified its efforts to improve processing times by initiating a series of short-term initiatives and by using its \$100 million contingency fund. Two key

initiatives involved (1) streamlining of certain claims development and documentation requirements and (2) having some DDSs and SSA components process claims for those DDSs with large backlogs. The DDS share of contingency funding was used primarily for overtime which over the course of the year amounted to about 713 work-years or about 5 percent of total DDS work-years for 1992.

During the past year, SSA and DDS efforts resulted in a reduction, by 82,000 cases, in the number of initial claims pending--from 638,000 in February 1992 to about 556,000 through February 1993. DDS productivity during the 13-month period was at an all-time high, a production rate averaging 253 cases per work-year.

Despite the progress made in reducing pending claims during the last 13 months, the prognosis for the rest of fiscal year 1993 is not good. SSA expects the number of new disability claims to continue to rise each month, and estimates that DDSs will fall further behind in efforts to keep pace with claim receipts. Even though SSA is anticipating additional funding for DDS overtime, there are some practical limits on the amount of overtime that DDS employees can provide. First, not all employees are interested in working overtime. Generally, only two-thirds of disability examiner staffs are willing to work overtime, DDS administrators said in response to a survey we conducted in October, 1992. Second, the willingness to work overtime may diminish as the number of overtime hours increase or the duration of its use lengthens.

Over half of the administrators reported that their examiners would generally be willing to work the same amount of overtime in fiscal year 1993 as in the previous year. Relatively few of the administrators, however, believed their examiners would be enthusiastic about working more overtime in 1993 than in 1992.

LIMITING CDRs IS COSTLY

As mentioned earlier, SSA has significantly reduced the number of CDRs in an attempt to keep up with claim receipts. As a result, SSA has not met the legal requirements for conducting CDRs; in addition, both disability programs have suffered significant financial losses as many thousands of ineligible beneficiaries have continued to receive benefits.

The Social Security Disability Amendments of 1980 require that SSA periodically review the status of all DI beneficiaries to determine their continuing eligibility for benefits. Specifically, the status of DI beneficiaries whose conditions are not thought to be permanent must be reviewed at least once every 3 years. SSA regulations also provide SSA with authority to review SSI cases for possible medical improvement.

To comply with the legal mandate for the DI program, SSA officials calculated it would have to conduct between 300,000 and 500,000 CDRs each year. Over the last 6 fiscal years, SSA has conducted only about half the 2.2 million CDRs the federal mandate requires.

SSA's decision to reduce the number of CDRs performed continues to cost the trust funds hundreds of millions of dollars. SSA's Office of the Actuary estimates that by 1997 there will be \$1.4 billion less in the trust funds because of failure to perform CDRs in the last 4 years.

CDRs contribute not only to program savings, but also to enhanced program integrity because ineligible beneficiaries do not remain on the disability rolls. Currently, at least 30,000 ineligible beneficiaries may still be receiving DI benefits.

SSA has been studying ways to improve the efficiency and cost effectiveness of the CDR process by being more select about which beneficiaries will receive CDRs. We support SSA's efforts and urge that SSA continue to look for ways to refine the selection process.

SSA's AUTOMATION EFFORT SHOULD DEVELOP
OUT OF ITS LONG-TERM SERVICE DELIVERY PLAN

We want to turn now from a discussion of the short-term disability crisis and its implications for CDRs to SSA's long-range efforts to improve service to all beneficiaries. In this regard we have two concerns. First, SSA has included neither the public nor the Congress in the development of its plans. Second, SSA may be allowing its systems plan to drive its strategic planning (rather than the other way around) and, as it automates, may not be pursuing all opportunities to reengineer and streamline work processes. Changes affecting the way SSA serves beneficiaries in the future should await public consultation, major streamlining efforts, and completion of several aspects of the strategic plan.

In 1991, SSA released an agency-wide strategic plan that provides a framework for agency planning and action to the year 2005. Currently, SSA is developing an Operations Service Delivery Plan (OSDP), which is based on the strategic plan framework and identifies where and how service will be provided in the future. SSA needs to solicit external input to determine the level of service its clients expect and to develop support among the public and the Congress for its strategic direction.

Also, we believe the OSDP should be developed before SSA develops its plans which identify the resources needed to accomplish the future service goals. In fact, one resource plan--the

information systems plan--was completed ahead of the OSDP. It is the OSDP that provides the framework for developing hiring and training plans, altering facilities arrangements, and purchasing equipment. We are concerned that as a result of the development of the systems plan ahead of the service delivery plan, SSA may not be focusing on designing more efficient work processes and determining how best to automate them. Instead, SSA may be planning how to make its current work processes fit the technology anticipated in the information systems plan.

We have discussed these concerns with SSA management and will continue to monitor SSA progress.

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Mr. Chairman, this concludes my statement. I will be happy to answer any questions you or other Committee members may have.

DDS Work-Years and Initial Claim Activity
(Fiscal Years 1982 to 1992)

<u>Fiscal year</u>	<u>Total work-years</u>	<u>Overtime work-years</u>	<u>Claims received</u> (thousands)	<u>Claims processed</u> (thousands)	<u>Claims pending</u> (thousands)
1982	12,513	126	1,435	1,432	211
1983	12,887	179	1,481	1,453	239
1984	12,924	78	1,527	1,530	236
1985	13,074	42	1,585	1,518	303
1986	13,302	83	1,747	1,722	328
1987	12,502	58	1,644	1,686	286
1988	11,963	62	1,590	1,607	258 ^a
1989	11,634	37	1,591	1,560	289
1990	11,177	34	1,740	1,662	367
1991	11,738	313	2,014	1,876	523 ^a
1992	13,225	713	2,393	2,339	577

^a Data from SSA show adjustments to this end-of-year count; thus, it does not add across.

CDRs Completed and Related DDS Work-years
(Fiscal Years 1987 to 1993)

<u>Fiscal</u> <u>year</u>	<u>DI</u> <u>cases</u>	<u>SSI</u> <u>cases</u>	<u>Total</u> <u>cases</u>	<u>DDS</u> <u>work-years</u>
1987	195,991	14,339	210,330	1,010
1988	321,246	32,573	353,819	1,452
1989	280,452	86,364	366,816	1,474
1990	155,586	39,500	195,086	879
1991	54,638	18,830	73,468	321
1992	58,430	14,715	73,145	246
1993	-	-	74,500 ^a	200 ^a

^a SSA estimate

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