

**GAO**

**Testimony**

Before the Subcommittee on Social Security,  
Committee on Ways and Means,  
House of Representatives

For Release on Delivery  
Expected at  
10:00 a.m., EDT  
Thursday  
April 14, 1994

**SOCIAL SECURITY  
ADMINISTRATION**

**Major Changes in SSA's  
Business Processes Are  
Imperative**

Statement of Frank W. Reilly, Director  
Information Resources Management/  
Health, Education, and Human Services  
Accounting and Information Management Division



059614 / 151352

---

---

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss a recent proposal to restructure the disability insurance determination process at the Social Security Administration (SSA). Our work for the Subcommittee is focusing on SSA's efforts to reengineer and automate its disability determination process.

SSA's current disability determination process is extremely stressed. Workloads are increasing, and the backlogs are enormous. SSA has financed various automation efforts in an attempt to improve operations. However, these attempts have only had marginal impact because they focused on automating existing inefficient processes. Until recently, SSA was not seeking the major business process improvements necessary to reverse the seemingly intractable problem of long waiting times and mounting case backlogs at state disability determination service (DDS) offices.

The disability process redesign proposal, introduced on April 1, 1994, is the first valid attempt to address major fundamental changes needed to realistically cope with disability determination workloads. Combining top management leadership with the necessary staff and resources resulted in a credible proposal that documents the existing disability determination problems and recommends a solution to dramatically change the process. However, like any major reform effort, many difficult implementation issues will need to be addressed. These include new staffing and training demands, developing necessary automation requirements, and confronting the entrenched cultural barriers to change.

Today I will focus my remarks on why radical changes in business processes are imperative and highlight some of the key implementation issues that SSA must successfully address as it moves forward with this proposal.

#### SSA's DISABILITY DETERMINATION PROCESS

The current disability determination process at SSA and state DDS offices can be characterized by massive workloads involving an undefined number of activities. SSA projects that disability beneficiaries will more than double, from 4.2 million in 1990 to 8.7 million in 2005. The workload for initial disability claims has risen from 1.7 million cases in 1990 to an estimated 2.9 million cases in 1994, and SSA estimates that case backlogs could reach a million cases by 1995. SSA's reported administrative cost for processing initial disability and appeals determinations was about \$2.5 billion in fiscal year 1993--over half of its reported total administrative costs.

The disability determination process has evolved over the last 40 years, with each state defining its own DDS operations. In 1993,

SSA reported that disability claimants waited an average of 155 days to receive an initial disability decision. However, only 13 hours in actual task time is spent on this determination. The remaining time is spent moving paper claims files among 16 to 26 staff workers, waiting in queues to be handled by staff, and obtaining medical evidence from outside sources. If applicants challenge the denial, they face even longer waiting times. SSA estimates that an average claimant involved in the appeals process will wait roughly 8 months before a reconsideration decision is made, over a year-and-a-half before a hearing decision is made, and 2 years before an Appeals Council decision is made.

#### AUTOMATION EFFORTS TO IMPROVE SSA'S DISABILITY DETERMINATION PROCESS

In its agency strategic plan, SSA said its first priority is to improve the disability determination process. SSA has initiated several ongoing automation efforts to improve this process. In May 1990, SSA started requiring state DDS offices to meet six baseline automation functions. In August 1992, SSA began to develop a single disability software system--the Modernized Disability System.

SSA also has plans to implement its intelligent workstation and local area network (IWS/LAN) initiative. Current plans are to acquire about 60,000 personal computers and 2,400 local area networks to support agencywide operations. Over the last 2 years, SSA has changed the number of computers it plans to acquire, from 95,000, to 80,000, to its current estimate of 60,000. However, because SSA has not completed business planning, it cannot adequately determine how many personal computers will be required.

The number of personal computers needed is important because the purchase cost of the equipment is merely one factor to be considered--installation and other support costs are much larger expenditures. A 1993 private sector study estimated that when all of the support costs over a 5-year period are considered, businesses spend an estimated \$40,000 for each personal computer--a cost of \$400 million for every 10,000 personal computers.

Our primary concern with all of these automation efforts is that they are not linked with business planning and reengineering efforts. The efforts should identify how, where, and when SSA is planning to use automation to implement improvements--including measurable short- and long-term costs and benefits that can be assessed and revised annually. This essential guidance is needed to identify how new systems should be designed and implemented to adequately process increasing disability workloads and improve service to the public. Without focusing on how processes can be changed, SSA risks using limited resources to automate offices

without any assurance that operations and service to the public will improve.

SSA TAKES STEPS TO DEVELOP  
A PLAN AND REENGINEER DDS  
PROCESSES

In response to our concerns, SSA has initiated efforts to develop business and operations service delivery plans and to reengineer its disability determination process. While the business and operations service delivery plans are not yet complete, SSA's disability process reengineering team issued a proposal on April 1, 1994, to redesign SSA's disability process. SSA established a 60-day comment period for this proposal. Although a final decision will not be made until the comment period has ended, the actions by SSA management taken to initiate and develop the proposal are essential steps toward reducing the disability claims workload. The team took the steps needed to document SSA's existing disability determination process and present management with a credible solution.

The solution focuses on streamlining the determination process and improving service to the public. The proposed process is intended to reduce the number of days for a claimant's first contact with SSA to an initial decision, from an average of 155 days to less than 40 days. To accomplish this goal, the team proposed that SSA establish a disability claims manager as the focal point for a claimant's contact and that the number of steps needed to produce decisions be substantially reduced. The proposal also suggested providing applicants with a better understanding of how the disability determination process is working and the current status of their claims.

While this is an excellent first step, more work will be needed before a solution is chosen, tested, transitioned to, and implemented. Like any major change, there will be many issues that SSA will need to address.

For instance, the ability to ensure that quality decisions are made within appropriate time frames will depend on having a well-trained, competent, and highly motivated work force that has the necessary tools and technical support. As we noted in October 1993,<sup>1</sup> SSA needs a human resource plan to guide personnel decisions. Without such a plan, SSA risks being unprepared for anticipated workload and workforce changes and jeopardizes its ability to adequately serve the public.

---

<sup>1</sup>Social Security: Sustained Effort Needed to Improve Management and Prepare for the Future (GAO/HRD-94-22, Oct. 27, 1993).

A comprehensive quality assurance program will also be needed to define and implement quality assurance standards. Such a program should ensure the integrity of the administrative process and promote nationwide uniformity in making disability determinations.

As SSA decides how the disability determination process can be changed and redesigned, information systems will be needed to support the new processes. SSA will need to evaluate and refocus its current automation initiatives to ensure that it has systems that adequately support the reengineered disability determination process.

The concerns of states, employees, and the public will also need to be addressed. States, as the administrators of the disability process, need to be involved in implementing any changes. Cultural issues affecting employees who operate the program, such as skepticism and natural resistance to change, need to be overcome as roles and responsibilities change. The public, as the customer, will need to be satisfied with any changes that are made.

Finally, costs and benefits will need to be assessed to ensure that any proposal meets short- and long-term objectives and is cost effective. Such assessments should establish measurable cost and performance goals that can be assessed annually.

In conclusion, we are pleased that SSA is working to reengineer its disability determination process. This innovative management effort will provide SSA with some of the guidance it needs to define its automation needs and improve service to the public. While a good first step has been taken, this Subcommittee and SSA should not underestimate the challenges facing SSA to successfully implement the major process changes that are needed. Such major process changes, however, offer the only realistic hope to achieving meaningful improvements in service delivery. Consequently, we plan to address more fully the details of SSA's proposal during the comment period and monitor the agency's progress in pursuing its plans.

- - - - -

Mr. Chairman, this concludes my testimony. I would be pleased to address any questions you or other Members of the Subcommittee may have.

---

### Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

**Orders by mail:**

**U.S. General Accounting Office  
P.O. Box 6015  
Gaithersburg, MD 20884-6015**

**or visit:**

**Room 1000  
700 4th St. NW (corner of 4th and G Sts. NW)  
U.S. General Accounting Office  
Washington, DC**

**Orders may also be placed by calling (202) 512-6000  
or by using fax number (301) 258-4066.**

---

**United States  
General Accounting Office  
Washington, D.C. 20548-0001**

**Bulk Mail  
Postage & Fees Paid  
GAO  
Permit No. G100**

**Official Business  
Penalty for Private Use \$300**

**Address Correction Requested**

---