



United States
General Accounting Office
Washington, D.C. 20548

Health, Education and Human Services Division

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July 29, 1994

The Honorable William S. Cohen
Ranking Minority Member
Special Committee on Aging
United States Senate

Dear Senator Cohen:

In response to your July 1993 request, we have examined the Social Security Administration's (SSA's) new process for conducting continuing disability reviews (CDRs) based on computer profiling and beneficiary self-reported data. This new process is designed to be a more cost-effective means of assessing the continued eligibility of beneficiaries receiving Social Security disability benefits. CDRs are required by law and are important to help ensure that only those persons eligible receive benefits.

We have reported on several occasions in the past that because SSA was not doing the CDRs required by law, millions of dollars in unnecessary costs are incurred each year by the Disability Insurance (DI) Trust Fund.¹ We also testified in March of this year before the House Social Security Subcommittee on the status of SSA's new CDR process (a copy of our testimony is enclosed).

We found that beneficiary self-reported data, when used with other key information that SSA possesses, appear reliable for making decisions about when to do full medical examinations of beneficiaries scheduled for a CDR. In this regard, SSA has taken steps to further assess the reliability of the self-reported data and plans to continually refine its use of computerized beneficiary data to better predict medical improvement and likely benefit terminations.

¹Social Security Disability: SSA Needs to Improve Continuing Disability Review Program (GAO/HRD-93-109, July 8, 1993); Social Security: Increasing Number of Disability Claims and Deteriorating Service (GAO/HRD-94-11, Nov. 10, 1993).

The mailer process appears to be a significant step by SSA to make the CDR process more efficient and cost effective, with the process being substantially less costly than SSA's previous CDR process. Mailer process costs are reported at about \$23.50 per case--a fraction of the reported \$1,000 average cost of performing a full medical CDR on each beneficiary. Even if the mailer reports are considered CDRs, however, SSA continues to fall far short of completing the number of CDRs required by law.

In our view, SSA needs to increase the number of mailers it sends out, as well as the number of full medical reviews of beneficiaries of both the DI and Supplemental Security Income (SSI) programs. Additionally, SSA needs to adjust its priorities for determining which beneficiaries should receive mailers. To date, SSA budgetary constraints have limited the numbers of mailers it sends out, as well as the types of beneficiaries to receive them.

As SSA gains more experience with the mailer process, and improves its ability to accurately identify beneficiaries with the highest potential for showing medical improvement, it should do more full medical CDRs of those beneficiaries to achieve the most effective use of SSA resources. By focusing its efforts more on those beneficiaries who most likely have improved sufficiently to be no longer disabled, SSA can save the trust fund and taxpayers millions of dollars each year and help preserve the programs' integrity by removing ineligible beneficiaries from the rolls.

In our March testimony, we encouraged the Congress to develop an alternative means to provide SSA more funds for CDR activities. As you and others have previously noted, the funding of these activities results in substantial program savings.

DEVELOPMENT OF NEW PROCESS

Historically, SSA's CDR process was labor intensive. A beneficiary scheduled for a CDR had (1) a face-to-face meeting with an SSA field office representative, (2) an evaluation of the case by a state disability examiner, and (3) frequently, an examination by at least one medical doctor. Essentially, beneficiaries underwent the same process for CDRs as used initially to determine disability. SSA's reported costs to do a CDR in this manner were about \$1,000 a case.

About 90 percent of the CDRs conducted over recent years have resulted initially in a finding of continued eligibility. After appeals, only about 6 percent of CDRs resulted in the cessation of benefits. However, even with this somewhat low cessation rate, CDRs proved to be cost effective.

In recent years, as a result of significant program administration problems due to unprecedented increases in applications for benefits under the DI and SSI programs, SSA significantly reduced the number of CDRs performed. Since 1987, SSA has done fewer than half the over 2 million CDRs required by law. SSA recognized a need to find ways to do CDRs with fewer resources and at less cost.

Based on results of a pilot study done in 1991, SSA began its current CDR mailer process in May, 1993. To carry out the new process, SSA used the same beneficiary indicators from its pilot study to analyze and rank over 640,000 beneficiaries previously categorized as medical-improvement-expected or medical-improvement-possible cases and who were due or past due for a CDR. Indicators (e.g., age, length of time on the disability rolls, date of last CDR, and type of disability) about each beneficiary are available on SSA's computer records.

SSA then stratified this 640,000-case universe into high (193,000), medium (193,000), and low (255,000) case-profile categories.² From each category, SSA then selected certain beneficiaries who were due for a CDR in 1993 to receive mailers. From the high and medium categories, SSA sent mailers to beneficiaries with the highest probability of showing medical improvement.

Mailers were sent to the 54,000 beneficiaries in the high category with the highest probability of showing medical improvement, and to the 10,000 beneficiaries in the medium category with the highest probability of showing medical improvement. For the low category, SSA sent mailers to 28,000 beneficiaries with the lowest probability of showing medical improvement.

Almost 92,000 beneficiaries were given the questionnaires. The beneficiaries were asked seven

²Since then, SSA has profiled other beneficiaries as they became due for a possible CDR. It now has profiled about 1.1 million DI beneficiaries.

questions about their health and medical care during the preceding 2 years.

RESULTS ARE ENCOURAGING

As of June 24, 1994, SSA had received responses from 88,408 beneficiaries. SSA had analyzed 87,560 of these responses and referred 53,655 respondents for full medical reviews, while 33,905 respondents were not referred for medical review.

The process appears to be achieving its desired results. SSA staff said the cessation rates are exceeding expectations for certain case-profile categories and that they have collected enough data to enhance future profiling. However, many full medical reviews are still underway and it is too early for SSA to evaluate and fully report on first-year results.

As concluded from its pilot study, SSA found that mailer responses combined with profiles were effective predictors of whether disability benefits would be ceased or continued if a full medical CDR was done. Specifically, SSA found that beneficiaries could be accurately evaluated for continued eligibility by comparing profiles with the completed questionnaires instead of conducting full medical evaluations for all cases as historically done. Thus, by using the mailer, SSA can review cases in a more efficient manner.

SSA plans to repeat the process for 1994, sending out about an additional 92,000 mailers this year. It will again send mailers to a mix of beneficiaries in each case-profile category, expecting to result in approximately 50,000 full medical CDRs.³

SSA plans each year to review samples of respondents in each case-profile category independent of mailer answers. Full medical CDRs will be done on all beneficiaries in the samples despite their response to questions in the mailer. SSA believes that the results of these samples (referred to as integrity samples) will provide a reliable measure of the program's effectiveness. The samples also provide some assurance that all

³Recently, SSA informed us that it had eliminated the medium category by moving beneficiaries in this category into either high or low categories depending on where their medium ranking fell.

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beneficiaries who receive mailers during the year have some chance of being referred for full medical review.

Also, SSA believes that the results of these medical reviews will permit SSA to evaluate and, if necessary, refine its procedures for profiling beneficiaries and deciding who should receive full medical CDRs. In other words, it expects to determine which profile characteristics prove to be better predictors of medical improvement and subsequent benefit termination. Also, the integrity sample results will allow SSA to measure the effectiveness of staff in applying the procedures.

REVIEW OF SELF-REPORTED DATA
MEETS CDR LEGAL REQUIREMENT

SSA believes, and we concur, that review of the self-reported data from the mailers by its staff meets the legal requirement that SSA periodically review the continuing eligibility of disability beneficiaries. The Social Security Disability Amendments of 1980 (Public Law 96-265) requires that the cases of disabled individuals, who are not permanently disabled, be reviewed by the applicable State agency or the Secretary of Health and Human Services for purposes of continuing eligibility at least once every 3 years. Where the disability is considered permanent, such review is to be made at times the Secretary determines to be appropriate. We agree with SSA that a full medical CDR need not be done on each beneficiary to meet the review requirement of the act.

MORE CDRs ARE NEEDED

Despite SSA's efforts to make the CDR process more efficient and cost-effective, more CDRs still need to be done. Of primary concern is the fact that SSA continues to fall far short of completing the number of DI CDRs required by law. In addition, SSA directs insufficient review effort at the SSI program and, subsequently, forgoes the significant savings possible. In implementing the new CDR process, SSA could better maximize its effectiveness by focusing primarily on those beneficiaries who most likely have improved sufficiently to no longer be disabled.

To identify more ineligible persons, SSA must conduct more full medical CDRs. It must also send out more mailers, primarily to beneficiaries identified as most likely to have improved. Previously, SSA estimated that if it sent mailers to all 193,000 persons placed in the

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high category (for possible improvement) it might have to conduct about 130,000 CDRs, or about 2 1/2 times its budgeted number. The payoff, however, would be the possible termination of about 11,000 additional ineligible persons and further savings of about \$900 million.

While more CDRs are needed, we recognize the severe workload demands that SSA faces and the difficulties it experiences in assigning limited staff resources where they are most needed. In this regard, it may not be appropriate or feasible to do more full medical CDRs with SSA's current budget limitations because any significant increase in CDRs would require resources to be taken away from the processing of initial claim workloads.

We also recognize the difficulties faced by the Congress in considering increases to SSA's administrative budget. More specifically, the Budget Enforcement Act of 1990's prohibition on trading off between entitlements and discretionary spending makes the situation particularly difficult. However, we are convinced that efforts must be made to find ways to provide SSA with money to do more reviews.

Please contact me on (202) 512-7215 if you have any questions about these matters.

Sincerely yours,



Jane L. Ross
Associate Director
Income Security Issues

Enclosure

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