

GAO

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

December 1996

SSA DISABILITY REDESIGN

Focus Needed on Initiatives Most Crucial to Reducing Costs and Time





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

**Health, Education, and
Human Services Division**

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The Honorable Jim Bunning
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

This report, prepared at your request, evaluates the Social Security Administration's efforts and progress in redesigning the disability determination claims process so as to reduce administrative costs and the time a claimant waits for a decision.

As agreed with your office, we are sending copies of this report to the Commissioner of the Social Security Administration and the Director of the Office of Management and Budget. We will also make copies available to others upon request.

Please contact Diana S. Eisenstat, Associate Director, at (202) 512-7215, if you have any questions. Other GAO contacts and major contributors to this report are listed in appendix III.

Sincerely yours,

A handwritten signature in cursive script that reads 'Jane L. Ross'.

Jane L. Ross
Director, Income Security Issues

Executive Summary

Purpose

In fiscal year 1995, the Social Security Administration (SSA) spent \$3 billion to pay about \$61.3 billion in cash benefits to disabled and blind recipients and their dependents. These benefits were paid under the Disability Insurance and Supplemental Security Income programs—the largest federal programs providing cash benefits to blind and disabled people. These programs grew rapidly between 1988 and 1995, with the number of beneficiaries increasing by about 50 percent. While downsizing during this time, SSA has struggled to deal with unprecedented growth in applications for disability benefits and in appeals of disability decisions. Processing of claims has been delayed, creating hardship for disabled claimants, who often wait more than a year for a final decision. Faced with these challenges, SSA decided that it must redesign its disability claims process to reduce administrative costs and the time a claimant waits for a decision.

In 1994, GAO reported that SSA's proposal to redesign its disability claims process is a valid attempt to address fundamental problems, but cautioned that many implementation challenges would have to be addressed. These include new staffing and training demands, developing and installing technology enhancements, and confronting entrenched cultural barriers to change. Because of the cost and large resource investment this effort will consume, the Chairman of the Subcommittee on Social Security, House Ways and Means Committee, asked GAO to provide information on the redesign, specifically (1) SSA's vision and progress for redesigning the disability claims process, (2) issues related to the scope and complexity of the redesign, and (3) SSA's efforts to maintain stakeholder support.

Background

Reengineering is a process recognized as a means to identify and quickly put in place dramatic improvements. It has been used by private and government organizations to fundamentally rethink and radically redesign business processes to improve efficiency and customer service. Today's experts in business process reengineering frequently cite certain best practices that increase the likelihood for success.

While a reengineering project can be large and encompassing, experts suggest segmenting the project and concentrating, at any one time, on completing a small number of manageable initiatives with measurable performance outcomes. This segmentation (1) gives managers better control over the initiatives and allows a faster response if problems arise or deadlines are not met and (2) produces results in a short time frame, which helps maintain support from stakeholders.

Although the time frame to realize the full benefit of a reengineering project may run from 2 to 5 years, in a government organization, leadership turnover and frequent changes in the public policy agenda necessitate redesign in which progress on individual initiatives can be made in relatively short time periods. Finally, reengineering best practices call for identifying all stakeholders and working to get and keep their support. Such support is vital because stakeholder opposition can jeopardize the success of the redesign.

In late 1994, SSA released a plan for redesign that was extensive in scope and complex. It included 83 initiatives (later reduced to 80), to be accomplished during the 6-year period from fiscal year 1995 through 2000. Of these 80 initiatives, 38 were near-term—to be completed or be in a research and development or testing phase by September 30, 1996. To direct this effort, SSA created a centralized management team, known as the Disability Process Redesign Team. The team was assisted by top SSA management, various task teams, and the state and federal employees that decide disability claims.

Results in Brief

Although reengineering can reduce administrative costs, save time, and improve the quality of service in the disability claims process, the scope and complexity of SSA's many initiatives have put at risk the likelihood of accomplishing the redesign goals. SSA is about one-third the way through the 6 years it estimated for redesigning the process, but has made relatively little progress in meeting its goals. As of July 1996, SSA had not completed any initiative and testing had not begun for 14 of the 19 initiatives that contain testing requirements. As a result, SSA has not made sufficient progress to know whether specific proposed changes will achieve the desired results. Further, there have not been concrete and measurable accomplishments to keep the support of stakeholders.

A number of these initiatives have expanded in scope, thus increasing the time frames required to complete them. Increasing the time frames has several disadvantages, such as delaying implementation and heightening the risk of disruption from turnover in senior executives. In addition to delays, SSA has also experienced turnover of senior executives since the beginning of the redesign. Although it is difficult to determine if this turnover has had a negative impact on the redesign thus far, continued turnover could result in possible loss of momentum or change of direction. In a constantly changing government environment, agencies are less likely

to have continuity of leadership and the same public policy agenda for projects that last several years or more.

Further complicating SSA's redesign efforts are difficulties in maintaining much needed stakeholder support. First, some federal and state employees, as well as the unions that represent them, are concerned that redesign could mean the loss of jobs. Second, state employees are concerned about SSA's decision to pay federal employees at a higher rate than state employees for the same job. And third, support from state management officials involved in the disability claims process has been declining steadily.

Principal Findings

Redesign Has Made Limited Progress

SSA's implementation approach is limiting the progress of the redesign. In prioritizing its redesign initiatives, SSA chose to work on 38 of them simultaneously—a decision that requires a significant investment in time and resources. Thousands of federal, state, and contractor employees throughout the country are engaged in activities such as designing, developing, testing, and evaluating processes and developing and delivering training programs. While SSA had completed six discrete tasks (a subcomponent of an initiative) as of July 1996, it had not fully completed or implemented any of the 38 initiatives and is behind schedule in meeting its testing milestones.

Redesign Complexity and Scope Pose Problems for Implementation

SSA has encountered significant challenges in implementing some of the more complex initiatives. For example, SSA considers technology vital to redesign; it has, therefore, undertaken a complex technology initiative to more fully automate the processing of disability claims—from the first contact with the claimant to the final decision. To carry out the initiative, SSA is purchasing over 50,000 computers, installing a local area network in more than 1,350 office locations, and developing software. Completion of this key initiative has been delayed by more than 2 years because of software development problems and the need for additional testing to assess redesign changes.

Another complex initiative, which will require completion of several crucial initiatives, is implementing the disability claim manager (DCM)

position. SSA currently plans to place about 11,000 employees in this position. DCMS will be expected to gather and store claim information, develop both medical and nonmedical evidence, share facts about a claim with medical consultants and specialists in nonmedical or technical issues, and prepare well-thought-out decisions. A DCM will be responsible for making the final decision on both medical and nonmedical aspects of a disability claim. Before fully implementing the DCM position, SSA must first provide a number of crucial initiatives, including technology enhancements and a simpler method for making disability decisions—features that SSA does not expect to be available for several years. In October 1996, SSA stated that the decision to implement the DCM will not be made until valid and reliable testing demonstrates that this position is viable.

Several of SSA's initiatives are beginning to expand in scope and, consequently, time. For example, the scope of SSA's initiative to achieve consistent decisions throughout all stages of the disability process has expanded considerably. SSA refers to this initiative as process unification. Initially, the redesign called for developing a single policy manual for use by all SSA and state employees involved in the claims process. As SSA worked on the initiative, it realized that considerably more effort was required. As a result, SSA expanded this initiative to include (1) conducting the same training for 14,000 decisionmakers, including doctors and reviewers; (2) developing a consistent quality review process that balances review of allowances and denials and applies the same standards at all stages of the process; and (3) using more consistent medical input throughout the disability determination process. With these expanded tasks, full implementation has been extended from September 1996 to January 1998 or later.

Although SSA may take many years to fully implement its redesigned process, experts suggest that individual project initiatives should be completed quickly—generally taking no more than 12 months to implement—to give managers better control over these initiatives and allow for faster response to problems that arise. Achieving measurable results quickly also enables an organization to build stakeholder support for its initiatives and overall redesign project.

Moreover, the cornerstone of any redesign effort is the commitment and long-term availability of its senior executives. Redesign initiatives that take many years to complete face increased risk—the longer the project takes, the greater the chance that the senior executives will change. Turnover

typically causes project delays and possible changes in scope and direction. Although SSA recognizes the importance of management stability and continuity to redesign, it has already experienced turnover of senior executives since implementation began. While there is no indication thus far that the turnover has had a negative impact on redesign, continued turnover could result in possible loss of momentum or change of direction for the redesign.

SSA Challenged to Maintain Stakeholder Support

According to reengineering experts, to the extent possible, managers of redesign should seek out and gain support from all stakeholders. SSA has tried to involve stakeholders in the redesign by identifying more than 140 of them, meeting with them to discuss redesign issues, and including them on task teams and work groups. Although stakeholders generally support the need for redesign, SSA has had problems getting and keeping support from some of them. In fact, some redesign proposals are beginning to cause major concerns for stakeholders. We found, for example, that SSA's decision to create the DCM position to decide claims raised fears that some staff would lose their jobs. Furthermore, for federal employees selected for the position, SSA's decision to temporarily promote them to a higher pay grade raised a major concern for state employees who would be paid less for the same work.

While SSA recognizes it needs the support of the states to successfully redesign the disability determination process, support for redesign from state Disability Determination Service directors has been declining. In response to a January 1996 survey question about how the state directors viewed the overall redesign, about 55 percent did not support it, compared with 40 percent a few months earlier.

Recommendation

To increase the likelihood that SSA's redesign will succeed, GAO recommends that the Commissioner

- select those initiatives most crucial to producing significant, measurable reductions in claims-processing time and administrative costs—including those initiatives intended to achieve process unification, establish new decision-making positions, and enhance information systems—and
- combine those initiatives into an integrated process, test that process at a few sites, and evaluate the results—before proceeding with full-scale implementation.

Other initiatives could be undertaken at a later date when progress is ensured for the initiatives discussed above and resources become available.

Agency Comments

SSA generally agreed with the thrust of GAO's recommendation and stated it is directing a larger portion of its redesign resources to crucial initiatives. SSA also plans to conduct an integrated test of several redesign features. GAO agrees that SSA needs to scale down its redesign activities and select those initiatives that are most crucial to reducing claims-processing time and administrative costs. However, GAO continues to believe that SSA should combine all crucial initiatives into an integrated process, test that process at a few sites, and evaluate testing results before proceeding with full-scale implementation. SSA made some technical comments, which were incorporated as appropriate. See chapter 4 for GAO's evaluation of agency comments and appendix II for the full text of SSA's comments.

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Abbreviations

ALJ	administrative law judge
AO	adjudication officer
DCM	disability claim manager
DDS	Disability Determination Service
DI	Disability Insurance
DPRT	Disability Process Redesign Team
IWS/LAN	intelligent workstation/local area network
MER	medical evidence of record
NCDDD	National Council of Disability Determination Directors
RDS	Reengineered Disability System (formerly the Modernized Disability System)
SGA	substantial gainful activity
SSI	Supplemental Security Income
SSA	Social Security Administration

Introduction

The Social Security Administration (SSA) manages two major federal disability programs that provide cash benefits to people with long-term disabilities—the Disability Insurance (DI) and Supplemental Security Income (SSI) programs. The DI program was enacted in 1956 and provides monthly cash benefits to severely disabled workers. SSI was enacted in 1972 as an income assistance program for aged, blind, or disabled people. Disability is defined in the Social Security Act as an inability to engage in substantial gainful activity (SGA) because of a severe physical or mental impairment. Both programs use the same criteria and procedures for determining whether the severity of an applicant’s impairment qualifies him or her for disability benefits.

In 1995, 5.7 million disabled workers and their dependents received about \$40.2 billion in DI benefits; 4.7 million disabled or blind SSI claimants received about \$21.1 billion in SSI benefits. From the 6.8 million recipients in 1988, overall program enrollment has increased by more than 50 percent. In fiscal year 1995, SSA spent \$3 billion on these two programs, more than half of the agency’s total administrative expenses for the year. Nevertheless, the agency has acknowledged that it has had difficulty providing a satisfactory level of service to its disability claimants. The process is slow, labor-intensive, and paper-reliant.

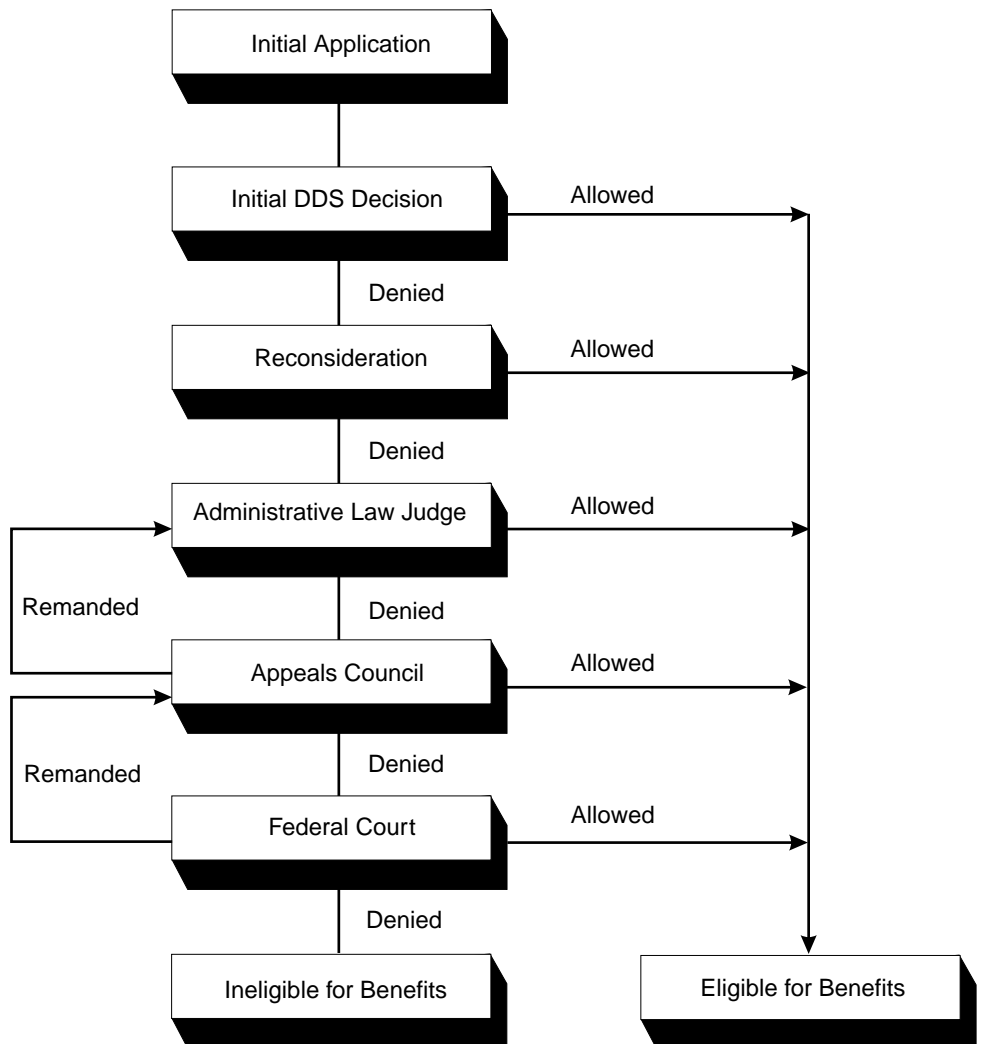
Despite efforts to manage this workload with shrinking resources, SSA has not been able to keep pace with program growth. Initial claim levels remain high, appealed case backlogs are growing, and decisions are not being made in a timely manner.¹ In fiscal year 1995, about 2.5 million initial disability claims were forwarded to state offices for disability determinations, an increase of 43 percent over fiscal year 1990. During the same period, of the applicants requesting an administrative law judge (ALJ) to reconsider a decision denied at the initial claim level, the number escalated from about 311,000 to about 589,000, an increase of 89 percent. Furthermore, SSA is concerned with the amount of time required to process claims—in many cases a claimant waits more than a year for a final disability decision. As of June 1996, processing an initial disability claim averaged 78 days for DI claims and 94 days for SSI claims; the processing time for an ALJ decision averaged 373 days.

¹Some of our previous work that reports on these conditions includes *Social Security Administration: Effective Leadership Needed to Meet Daunting Challenges* (GAO/HEHS-96-196, Sept. 12, 1996); *Social Security Administration: Backlog Reduction Efforts Under Way; Significant Challenges Remain* (GAO/HEHS-96-87, July 11, 1996); *Social Security Disability: Management Action and Program Redesign Needed to Address Long-Standing Problems* (GAO/T-HEHS-95-233, Aug. 3, 1995); and *Social Security: Increasing Number of Disability Claims and Deteriorating Service* (GAO/HRD-94-11, Nov. 10, 1993).

SSA's Current Eligibility Determination and Appeals Process

Under the current eligibility determination process, DI and SSI disability claims can pass through from one to five decision points, at which eligibility is determined. The initial claim, initial state Disability Determination Service (DDS) decision, reconsideration, ALJ hearing, Appeals Council, and federal court review all involve procedures for evidence collection, review, and decision-making. The decision points within the current disability claims process are shown in figure 1.1.

Figure 1.1: Current Decision Process



To be considered eligible for either program, claimants must meet SSA's definition of disability. Claimants must also meet work requirements for DI claims and financial eligibility requirements for SSI claims. Under both programs, applications for disability benefits can be initiated at one of SSA's over 1,300 field offices or through SSA's toll-free telephone system.

SSA field office personnel assist with completing the application; obtaining medical, financial, and work history information; and determining whether applicants meet the nonmedical criteria for eligibility. Field offices forward claimant information, along with supporting medical evidence, to a state DDS, of which there are 54. At the DDS, medical evidence is further developed and a final decision is made as to the existence of a medically determinable impairment that meets SSA's definition of disability. SSA funds the state DDS agencies, provides them with guidance for making disability decisions, and reviews the accuracy and consistency of their decisions. Claimants who are dissatisfied with an initial determination may request reconsideration by the DDS. A reconsideration is conducted by different staff from the original staff, but the criteria and process for determining disability are the same.

Claimants who disagree with a reconsideration denial have the right to a hearing before 1 of SSA's 1,035 ALJs in the Office of Hearings and Appeals. At these hearings, claimants and medical or vocational experts may submit additional evidence; attorneys usually represent the claimants. If denied by the ALJ, the claimant may then request a review by SSA's Appeals Council. The Appeals Council may affirm, modify, or reverse the decision of the ALJ; the Council may also remand the case to the ALJ for further consideration or development. Finally, the claimant may appeal the Council's decision to federal court.

Why SSA Is Redesigning Its Disability Claims Process

SSA faces increasing responsibilities in the future and must manage its growing workload with fewer resources. SSA has estimated that if it conducts business as usual, it would need the equivalent of about 76,400 workers to handle its workload by the end of the century. Instead, SSA expects to handle this work with about 62,000 workers—2,000 fewer than it has today. To successfully manage its growing workload, SSA knows that it must (1) increasingly rely on technology and (2) build a workforce with the flexibility and skills to operate in a changing environment.

Concerned about managing its workload while reducing administrative costs, saving time, and improving the quality of service, SSA's leadership

decided it needed to redesign its disability claims process. To improve the process, SSA's leadership turned to business process reengineering. SSA concluded that redesigning its process for deciding disability claims was critical to its goal of providing world-class customer service with fewer resources. In April 1994, we testified that the redesign proposal for the disability process is SSA's first valid attempt to address major fundamental changes needed to realistically cope with the disability determination workload. We cautioned SSA, however, that many difficult implementation issues would need to be addressed.² These include new staffing and training demands, development and installation of technology enhancements, and confrontation with the entrenched cultural barriers to change.

Reengineering is risky by definition, but if done well it can net positive benefits for the organization. As envisioned, SSA expects the redesigned process will produce tangible savings. However, the bulk of these savings will come from more efficient use of federal and state employees to process disability claims. Greater efficiency will (1) allow the agency to use its current workforce to accomplish other pressing activities and (2) avoid hiring to replace all those who retire or otherwise leave the agency. In addition, SSA expects the redesign will result in intangibles, such as improved customer service, an empowered and better-trained workforce, and increased public confidence in SSA.

When SSA proposed its redesign, it estimated that it would cost \$148 million to administer, with the largest portion of these costs allocated to training activities.³ However, SSA estimated net savings of \$704 million through fiscal year 2001—the year for which full implementation is anticipated. SSA also estimated recurring annual savings of \$305 million, once the redesign is fully implemented.

²Social Security Administration: Major Changes in SSA's Business Processes Are Imperative (GAO/T-AIMD-94-106, Apr. 14, 1994).

³This estimate does not include certain costs, such as those for developing software and for the salaries of the redesign team members.

Following Reengineering Best Practices Increases Likelihood for Successful Redesign

While success cannot be guaranteed, leading private organizations have used business process reengineering to identify and quickly put in place dramatic improvements in their operations. The objective of reengineering is to fundamentally rethink and redesign a business process from start to finish, so that it becomes more efficient and, as a result, significantly improves service to customers. There is, however, no “right” way to reengineer and no step-by-step sequence of prescribed activities. Reengineering is highly situational and should be tailored to meet the needs of each organization, according to reengineering experts.

Nevertheless, today’s leaders in business process reengineering advocate certain critical success features, or best practices, to help organizations increase the likelihood of success.⁴ Case studies show that reengineering has failed to achieve the desired change, in part, because managers have not followed best practices. These practices include concentrating on a small number of initiatives at any given time for broad-scoped comprehensive projects; developing and implementing the initiatives quickly; identifying, securing, and maintaining stakeholder support; and having the organizational commitment to initiate and sustain the redesign.

Concentrating on a small number of initiatives at any given time is essential. According to the experts, reengineering should remain focused to achieve rapid results. Without such focus, an organization risks becoming overwhelmed. Further, once started, the scope of the redesign should not be expanded. Trying to work on too much forces managers to choose among projects, which further dilutes the time and attention required to quickly move the redesign forward.

Developing and implementing initiatives quickly is also essential. According to some reengineering experts, the time from concept formulation to realizing the first release of a reengineered process should take no more than 12 months. Other reengineering experts note that while the full value of a redesigned process may take 2 to 5 years, individual initiatives should be accomplished in a year or less.

Identifying, securing, and maintaining stakeholder support is also an essential element of redesign. Stakeholders consist of individuals who are both internal and external to an organization, as well as groups that can influence the organization in some way. For SSA, internal stakeholders include the staff within the organization that will need to adapt to changes in business processes; external stakeholders include the Congress, state

⁴See the Bibliography for references to reengineering source documents.

employees, labor unions, oversight bodies, key interest groups, customers, and others who oversee, fund, or are affected by SSA's activities. Managers of redesign should strive to secure and maintain support of all stakeholders. Without such support throughout redesign, the chances of success can be jeopardized.

Finally, having the organizational commitment to initiate and sustain redesign is another essential element. It is paramount to the success of the redesign. As a top-down process, reengineering requires strong, continuous, and committed senior executives from the beginning of the redesign.

Objectives, Scope, and Methodology

The Chairman of the House Subcommittee on Social Security, House Ways and Means Committee, asked us to provide information on the implementation challenges facing SSA as it redesigns its disability claims process. More specifically, in this report, we address SSA's vision and progress for redesigning the disability claims process, issues related to the scope and complexity of the redesign, and the agency's efforts to maintain stakeholder support.

To develop our information, we reviewed extensive literature on the principles of reengineering. We interviewed officials at SSA headquarters and its Atlanta Regional Office. We also reviewed SSA's extensive design, development, testing, and implementation data for the redesign. We met with the president of the National Council of Disability Determination Directors (NCDDD), who represents the 54 state DDSS, and obtained state director views on SSA's testing and implementation activities. We also met with representatives from the Office of Management and Budget, the American Federation of Government Employees, and the National Association of Disability Examiners.

We received formal briefings from SSA and state organizations on specific projects and activities related to the redesign effort. These briefings included periodic updates by the director, Disability Process Redesign Team (DPRT), on the overall redesign direction and progress; demonstrations on the development of technology enhancements; and presentations by state employee associations on the issues, progress, and problems associated with redesign.

We did not assess the validity of SSA's redesign as a means to improve services to claimants and to reduce administrative costs. Nevertheless, in

the course of our work, we noted that SSA's redesign includes features that appear sensible for a project of this nature. Two such features are (1) a single approach for all decisionmakers to use when making decisions and (2) enhanced technology to support the redesign.

Our audit work was conducted from July 1995 through September 1996 in accordance with generally accepted government auditing standards.

SSA's Vision and Progress in Implementing the Redesigned Disability Claims Process

As with many federal agencies faced with fiscal constraints and increasing demands for services, SSA recognized the need to dramatically improve its disability claims process. Consequently, SSA created an implementation plan for improving its process through 80 initiatives. By September 30, 1996, 38 of those initiatives were to be addressed.⁵ Although SSA has begun nearly all of the initiatives it planned to have under way during the first 2 years of its implementation plan, as of July 1996, SSA had (1) not completed any initiative and (2) not begun testing for 14 of the 19 initiatives that contain testing requirements.

SSA's Vision for the Redesigned Claims Process

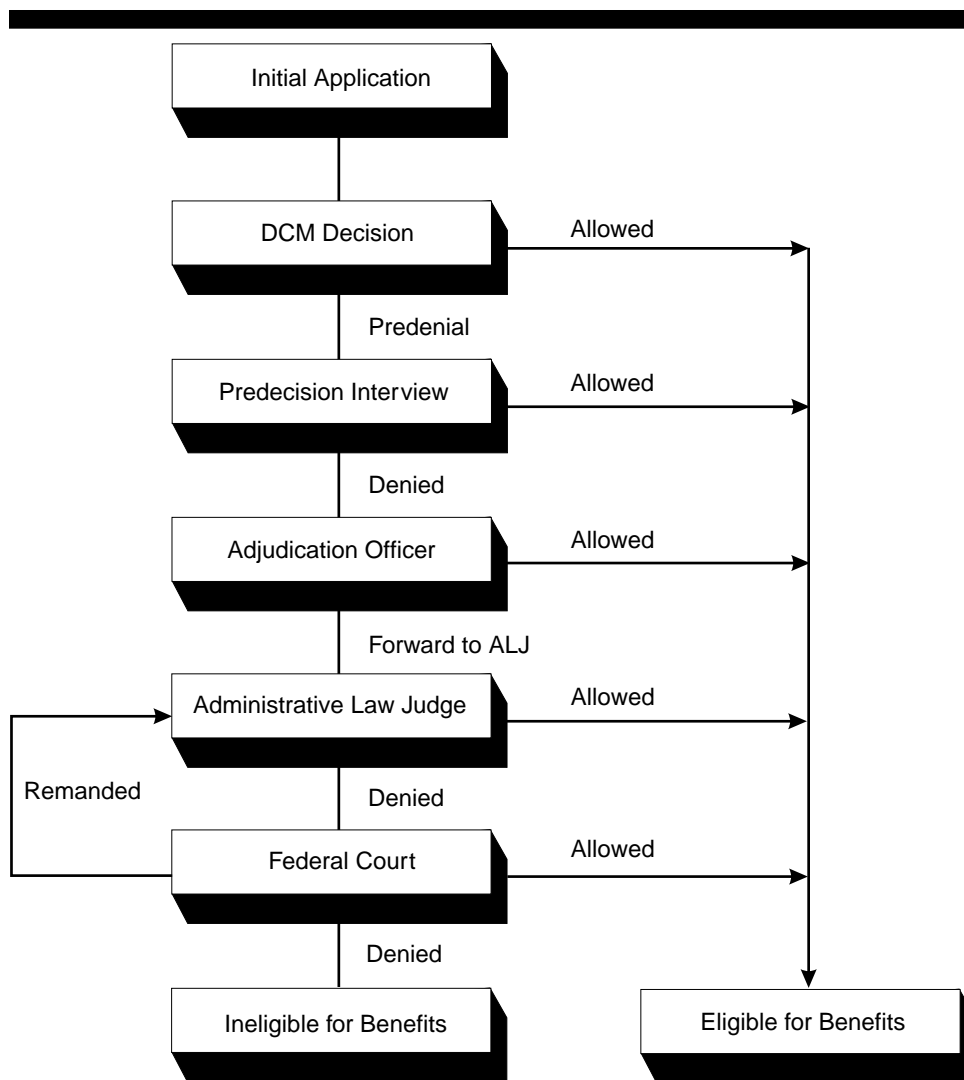
In October 1993, SSA created a Disability Reengineering Project Team to fundamentally rethink and redesign the disability determination process, so as to make it more efficient and improve service to claimants. The team was asked to redesign the process so as to better use technology to help SSA reduce the costs and time of claims processing and enable the agency to meet its workload demands with fewer resources.

The team did the following: analyzed the current process; sponsored a series of general public and claimant focus groups to understand the public's preferences relating to service; compared key aspects of the process with best practices of other public and private sector organizations; conducted independent research; and solicited ideas for improving the process from thousands of stakeholders who were involved in the disability process, including employees, health care providers, consumer advocates, and legal representatives.

After extensive consultation with individuals and organizations representing the disabled, the Commissioner, in September 1994, approved SSA's vision for redesigning the disability claims process. The redesigned, user-friendly process emphasizes making correct decisions quickly and efficiently at the earliest possible point. This process is expected to reduce average processing time: for a decision on an initial DI claim, the time would be reduced from 78 days to almost 60 and for a decision on an initial SSI claim, from 94 days to about 60. Similarly, the processing time for appealed cases is expected to be reduced from 373 to 225 days. The steps in SSA's new process are shown in figure 2.1.

⁵During fiscal years 1995-96, SSA adjusted the number of near-term initiatives from 40 to 38 and the number of total initiatives from 83 to 80; SSA deleted 3 near-term initiatives and 1 mid-term initiative because of ongoing initiatives elsewhere in the agency; and SSA added a near-term initiative to include customer partnership in claims processing, which provides the opportunity for claimants to obtain medical evidence.

Figure 2.1: Redesigned Decision Process



The goal of the redesigned process is to guide all decisionmakers at all levels to (1) use standards from the same sources for decision-making and (2) make “correct” decisions in an easier, faster, and more cost-effective manner at the earliest possible point in the process. SSA states a correct disability decision is one that appropriately considers whether an individual meets the factors of entitlement for disability, as defined by SSA’s statute, regulations, rulings, and policies. According to SSA, correct

decisions in the new process depend on these factors: a simplified decision methodology that provides a common frame of reference for determining disability by all decisionmakers in processing claims; consistent direction and training to all decisionmakers; enhanced and targeted collection and development of medical evidence; an automated and integrated claims-processing system that will assist decisionmakers in gathering evidence; a single, comprehensive quality review process; and the creation of the disability claim manager (DCM) position to give claimants direct access to the decisionmaker throughout the process and the opportunity to discuss any claim before it is disallowed.

Under the redesigned process, a DCM will be the focal point for claimant contacts throughout the process and will be responsible for processing and deciding the initial claim. In the current process, these responsibilities are shared by federal claims representatives and state disability examiners. In the redesigned process, the DCM will take the initial claim, gather and retain claim information, develop medical and nonmedical evidence, share information with medical consultants, analyze information, and make the decision as to whether to allow or deny the claim. If the evidence for the initial claim does not support an allowance before denying the claim, the DCM will issue a predecision notice, advising the claimant of what evidence has been considered and providing the claimant with the opportunity to submit additional evidence. If no evidence is provided or if the evidence provided does not support an allowance, the DCM will deny the claim.

Claimants who disagree with a DCM decision can appeal the decision to the Office of Hearings and Appeals. When a claimant appeals a decision, an adjudication officer (AO) will interview the claimant and become the primary contact during the appeal. This position is not available under the current process and is being introduced by SSA to make allowance decisions in less time. The AO will review the file, identify the issues in dispute, and determine whether there is a need to obtain additional evidence. The AO will also have the authority to issue a favorable decision, if warranted, or forward the completed claim to an ALJ for consideration. If, after careful review, the ALJ denies the claim, the claimant may appeal the decision to a federal district court.

Throughout its effort, SSA intends to assess all redesign activities against the Commissioner's five primary objectives for the redesign. These are making (1) the process user-friendly for claimants and their representatives, (2) the right decision the first time, (3) the decision as

quickly as possible, (4) the process efficient, and (5) the work satisfying for staff.

In November 1994, SSA released an extensive and complex redesign implementation plan to facilitate turning its vision into reality. The plan, to be accomplished over a 6-year period—beginning in fiscal year 1995 and concluding in fiscal year 2000—includes six lead areas, encompassing 23 process improvement features and three enablers. The lead areas are

- process entry and intake,
- disability decision methodology,
- medical evidence development,
- administrative appeals,
- quality assurance, and
- communication.

The enablers, critical support structures that SSA contends are necessary for successful implementation, are

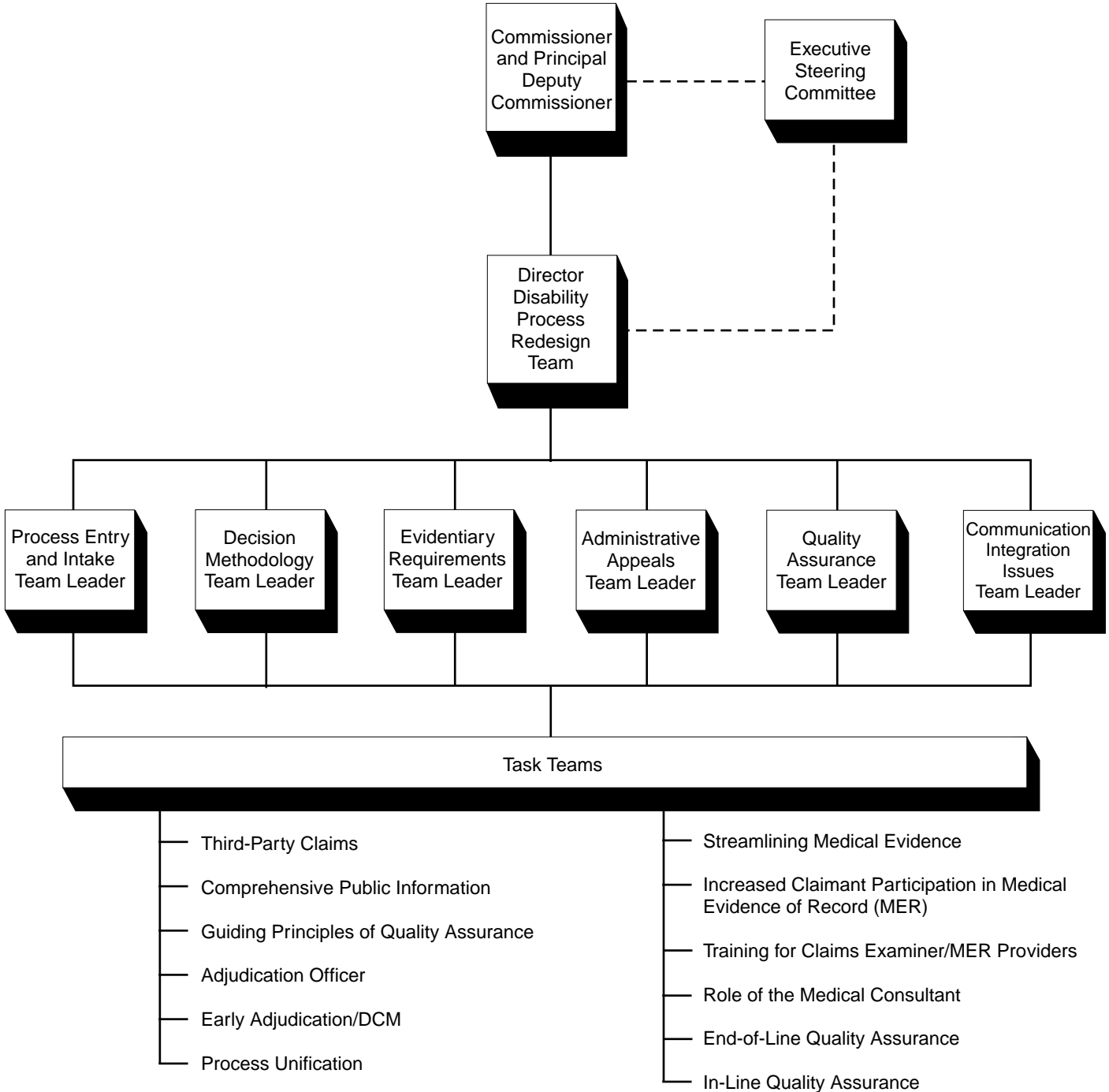
- developing a single presentation of all policies for determining disability,
- technology enhancements, and
- using third parties to help claimants with application packages, including completing forms and obtaining the medical evidence necessary for deciding claims.

See appendix I for a description of (1) the 23 features and more details on the three enablers and (2) planned completion dates.

Management Structure for Implementing Redesign

To help direct its redesign effort, SSA established a management structure to provide leadership, oversight, and continuity throughout the testing and implementation phase. The relationship between SSA's redesign implementation team and the Commissioner, principal deputy commissioner, and executive steering committee is shown in figure 2.2.

Figure 2.2: SSA's Management Structure for Redesign



An executive steering committee was formed to meet on a regular basis to advise the Commissioner on development of the redesigned process and to ensure the support of SSA's senior management team. The committee includes the principal deputy commissioner and the director of the DPRT, as well as senior managers representing SSA, state, and union components. Some of these include the Office of Disability; Office of Hearings and Appeals; Office of Budget; Association of Administrative Law Judges, Inc.; and the Office of Systems Components.

SSA assembled the DPRT to help direct the implementation of the redesigned disability claims process. Team leaders work full-time on the redesign and are responsible for its major components. Within the major components, designated heads of lead areas will coordinate planning and oversee implementation. These designees, as well as DPRT staff who assist them, are drawn from SSA's federal and state workforce.

Overall day-to-day leadership, control, and coordination of all redesign implementation activities is vested in the director of the DPRT. The director, reporting to the Commissioner and principal deputy commissioner, is expected to establish implementation priorities, develop specific timelines, and provide oversight to ensure that implementation decisions are consistent with the vision for the redesign process.

In addition, task teams were established to address specific implementation issues within each of the areas. These teams were directed to address a broad range of planning issues involving strategic, tactical, and operational matters. In early 1995, 12 task teams met to formulate and recommend specific actions that should be undertaken. For each task team, the overall purpose and related activities are summarized in table 2.1.

Chapter 2
SSA’s Vision and Progress in Implementing
the Redesigned Disability Claims Process

Table 2.1: Task Team and Purpose

Task team	Purpose
Third-Party Claims	Develop ways to expand third-party (people or organizations) service to assist claimants in filing disability application forms and obtaining medical evidence
Comprehensive Public Information	Develop disability information packets and a comprehensive public information campaign to (1) create a more user-friendly process and (2) promote more effective claimant partnership
Guiding Principles of Quality Assurance	Develop guiding principles for the development of the quality assurance system
Adjudication Officer (AO)	Before national implementation, develop detailed procedures and a plan for implementing an AO position, including operational responsibilities, limits of authority, and procedures for testing
Early Adjudication/Disability Claim Manager (DCM)	To speed the decisions on disability claims, design an incremental approach through the creation of (1) workflows for early allowances and denials and (2) team approaches for claims processing
Process Unification	At all stages of the process, ensure consistency in deciding disability claims through consistent application of laws, regulations, and rulings
Streamlining Medical Evidence	Identify opportunities for (1) streamlining medical evidence requirements through the use of technology development and (2) reducing the burden—on claimants, providers, and decisionmakers—associated with development and evaluation of medical evidence
Increased Claimant Participation in Medical Evidence of Record (MER)	Identify opportunities and guidelines that encourage active claimant participation in evidence collection for those claimants who can and will participate
Training for Claims Examiner and MER Providers	Ensure that comprehensive training materials about the disability program are available for claims examiners and providers
Role of the Medical Consultant	Redefine the role of the medical consultant and develop an implementation plan
End-of-Line Quality Assurance	Develop an integrated system that will comprehensively review and monitor the quality of decisions
In-Line Quality Assurance	Develop and implement a system for periodically reviewing and monitoring quality throughout the claims process

SSA’s Redesign
Solution

In deciding to redesign the disability claims process, SSA tackled the entire process rather than using a building block approach, improving aspects of the process a little at a time. SSA’s ambitious approach led it, in

November 1994, to identify 83 initiatives (later reduced to 80) associated with 23 process features.

SSA chose to prioritize these initiatives by dividing them into three time frames: near-term (fiscal year 1995 to 1996), mid-term (fiscal year 1997 to 1998), and long-term (fiscal year 1999 to 2000). Near-term implementation initiatives are those (1) scheduled to be fully implemented nationwide by the end of fiscal year 1996 or (2) for which the research and development or site testing can be initiated by the end of fiscal year 1996. Mid-term initiatives are those that are scheduled to be developed and tested in fiscal years 1997 and 1998 and implemented nationwide by fiscal year 1998. Finally, long-term initiatives are those requiring extensive research and development that cannot be tested fully before fiscal year 1999 or cannot be fully implemented nationwide before fiscal year 2001.

SSA's near-term initiatives, to be completed or under way by September 30, 1996, include a rollout of 40 (later reduced to 38), almost one-half, of the 80. The 38 initiatives were designed to set the pace for fully implementing the redesign.

Completing the initiatives will require a significant investment in time and resources. Thousands of federal, state, and contractor employees will be needed throughout the country for (1) activities such as designing, developing, testing, and evaluating processes and (2) developing and delivering training programs. Each initiative contains its own set of unique and complex circumstances. The six process features and corresponding near-term initiatives are summarized in table 2.2. See appendix I for DPRT's complete timetable for redesign.

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**Table 2.2: Near-Term Initiatives
(38) SSA Planned for Fiscal Years
1995 and 1996**

Process feature	Near-term initiatives (fiscal years 1995 and 1996)
Process entry and intake	
Comprehensive public information about the disability programs	Make disability information packets available in conjunction with a comprehensive public information campaign (nationwide)
Starter application	Test and evaluate use of starter application
Claimant chooses mode of entry into application process	Local managers develop arrangements with third parties, who are capable of providing assistance, based on SSA protocols for third-party interaction
	Test mail-in application
	Develop, test, and implement options for telephone interviews
Claimant partnership in disability claims processing	Claimants (and their families or support networks) who are able actively participate in obtaining medical evidence to support their claims (nationwide)
DCM as single agency contact for all initial claims-processing activities	In every region, test ways to facilitate claims representative and disability examiner interaction (nationwide)
Evidence development tailored to claimant circumstances	In all regions, test ways to facilitate claims representative and disability examiner interaction regarding the extent of medical development
Predecision contact before initial denial determination	Publish final regulations and conduct tests in selected sites on the various means of providing (1) predecision notices and (2) opportunities for personal contact prior to an initial denial determination
Statement of the claim	Test use of enhanced decision rationale in Reengineered Disability System (RDS) pilot sites
Disability decision methodology	
Index of Disabling Impairments replaces Listing of Impairments	Develop and test, using existing regulatory authority, a means to identify disability allowances earlier in the process
Ability to perform substantial gainful activity (SGA) (adults)	Assess research needs, develop work scope, and award research contracts based on the relationship between age and the ability to adjust to other work; the development of standardized approaches to assessing functional ability; and identification of the functional requirements of baseline work
Change the role of the medical consultant	Revise regulatory requirements, for medical consultant sign-off on initial determinations, so as to make them consistent with existing statutory provisions requiring medical consultant involvement in childhood disability claims
	Identify categories of claims requiring medical consultant analysis at all levels of decision-making

(continued)

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Process feature	Near-term initiatives (fiscal years 1995 and 1996)
Medical evidence development	
Streamlined and targeted requests for medical evidence	<p>Identify opportunities for which medical evidence requirements can be streamlined</p> <p>Test options for requesting, storing, and retrieving medical records electronically</p> <p>Local managers focus resources on professional education and medical relations outreach with the medical community (nationwide)</p> <p>Increase customer partnership in claims processing by providing opportunity for claimants to pursue their own medical evidence</p>
Sliding-fee schedule for medical evidence	Develop and test options for a sliding-fee schedule for medical evidence
Administrative appeals process	
First level of appeal is the administrative law judge (ALJ) hearing	<p>Initiate case reviews before oral hearing to expedite evidence collection and identify possible allowances</p> <p>Develop and publish regulations to test options for using an AO</p> <p>Publish regulations to test options for eliminating reconsideration in connection with testing of predecision notice and contact</p> <p>In specified claims, conduct prehearing conferences to narrow issues for hearing</p>
Revised role for Appeals Council	<p>Develop and publish regulations to test options for narrowing the scope of mandatory Appeals Council review</p> <p>Develop and test options, in conjunction with a new quality assurance system, for expanding the Appeals Council's own motion reviews</p>
Quality assurance	
Training	Provide consistent training and direction to all disability decisionmakers (nationwide)
In-line quality reviews	<p>Develop and test procedures for implementing peer review and in-line monitoring</p> <p>Test revised in-line quality review system</p>
End-of-line quality reviews	Develop and implement revised end-of-line review, addressing both medical and nonmedical accuracy in DI and SSI claims (nationwide)
Customer satisfaction surveys	Conduct customer and employee surveys in conjunction with local, regional, and national pilots of disability process changes

(continued)

Process feature	Near-term initiatives (fiscal years 1995 and 1996)
Measurements	Measure overall processing time from the customer's perspective (nationwide)
Enablers	
Process unification	For determining disability, develop and implement a single presentation of all substantive policies, with appropriate monitoring and enforcement procedures (nationwide)
Role of representatives	Develop and implement regulations regarding representatives' qualifications and standards of conduct (nationwide)
	Conduct outreach to the legal community regarding disability program requirements
Technology	Implement RDS in pilot sites
	Standardize claim file preparation at all levels (nationwide)
	Test the use of video conferencing at appropriate remote sites
	Test redesign features, where feasible, in intelligent workstation/local area network (IWS/LAN) sites

Status of Near-Term Initiatives

The time frames established in SSA's November 1994 implementation plan, "Disability Process Redesign: Next Steps in Implementation," sets forth an outside time frame, September 30, 1996, for (1) completing the near-term initiatives or (2) initiating research and development or site testing. Nevertheless, the redesign implementation team was to focus on completing the tasks as early in the time frame as possible. However, SSA has not met its near-term goal. While SSA has completed six tasks (a subcomponent within an initiative) as of July 1996, it has not fully completed or implemented any near-term initiative and is running behind in meeting its testing milestones.

As to tasks completed between November 1994 and July 1996, SSA has (1) disseminated a 1-page disability information fact sheet, (2) completed program operation instructions for the Early Decision List and sequential interviewing, (3) revised the disability form 3368 to collect medical source information, (4) finalized the DCM Workgroup report, (5) published regulations to test the DCM, the predecision interview, and the elimination of the reconsideration step in the current process, as well as began training all decisionmakers on existing policy for treating physician opinion, pain and other symptoms, and residual functional capacity,⁶ and

⁶Residual functional capacity is what the claimant can do despite his or her limitations.

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SSA's Vision and Progress in Implementing
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(6) developed a research plan for developing a new disability determination methodology. Furthermore, of the 19 initiatives requiring testing, which were to be completed or initiated by September 30, 1996, only 5 had testing ongoing as of July 1996; 3 of them—the AO position, use of mail-in applications, and the single-decisionmaker⁷—were being fully tested; the other 2 had limited testing under way. Testing on the remaining 14 has not started. The status of SSA efforts to complete the 38 near-term initiatives is shown in table 2.3.

Table 2.3: Status of 38 Near-Term Initiatives as of July 1996

Category of initiatives	Number
Completed	0
With activity	33
With no activity	5
With testing planned	19
With ongoing tests	5
With tests completed	0

⁷In November 1995, the DPRT began testing the AO initiative at 9 state locations and, in January 1996, at 17 federal locations. In May 1996, the DPRT began testing the single decisionmaker at 6 state locations and 2 federal locations.

Scope of Project and Difficulty With Stakeholder Support Limit Potential for Success

SSA began its redesign by identifying problems with the current claims process and focusing on initiatives it felt needed to be undertaken immediately. In its 2-year plan for near-term improvements, SSA has moved forward with 38 initiatives rather than keeping its efforts focused on a few initiatives at one time and striving for rapid process change—a best practice associated with successful reengineering. Many of the initiatives SSA has undertaken are complex, requiring more time to complete than it planned. Thus, the risk of leadership turnover, before the overall project is complete, is increased. According to reengineering experts, continuity of senior executive leadership is much more likely for initiatives of shorter duration.

Further complicating SSA's redesign activities is the difficulty it has experienced in trying to maintain the support of all its stakeholders. SSA identified more than 140 stakeholders, many with conflicting concerns. While SSA has been working to secure their support for the redesigned process, a number of stakeholders do not support SSA's approach. Moreover, because none of the initiatives have been successfully implemented, there are no concrete and measurable results that enable SSA to demonstrate the merits of its approach to encourage stakeholder support.

SSA's Redesign Includes Some Initiatives That Are Complex and Large in Scope

In deciding to tackle 38 initiatives in the first 2 years of the redesign, SSA did not follow a best practice—organizations that successfully manage redesign usually focus on a small number of initiatives at one time. Nevertheless, SSA decided to take on a large number of initiatives concurrently. Some of the more important initiatives—such as technology enhancements, the DCM position, and process unification⁸—are large and complex. They will require many years to complete and the commitment and support of numerous stakeholders.

Needed Technological Enhancements Will Be a Long-Term and Complex Undertaking

A major part of SSA's redesign is implementing technological enhancements to improve the disability claims process. The redesigned process would replace a slow, labor-intensive, and paper-reliant process with an automated system from first contact to final decision.

Throughout all stages of the process, all staff will use essentially the same software to assign claims, schedule appointments, gather and store

⁸Process unification is an initiative intended to achieve consistent decision-making throughout all stages of the disability determination process.

information, develop medical and nonmedical evidence, facilitate decision-making, provide case control, keep fiscal and accounting information, and manage the information. SSA will also need to acquire over 50,000 intelligent workstations (personal computers). This extensive software and hardware acquisition will be installed on a local area network (LAN), connecting more than 1,350 SSA and state offices throughout the United States. SSA estimates that it will be 1998 before the hardware is installed in all field locations.

SSA's software development activities demonstrate the long-term and complex nature of this initiative. Developing software designed to allow SSA to move from its current manual process to an automated process is critical to success. However, the scheduled implementation of this new software has been delayed by about 28 months because of problems identified during testing. Software development is further constrained by the lack of firm requirements for the new disability determination process. For example, SSA cannot effectively develop software to obtain medical evidence of records until the DPRT decides how it wants to standardize information, requested from medical sources, to substantiate disability claims.

Multifaceted DCM Intended to Consolidate Claims Processing

SSA chose to create the DCM position to consolidate different elements of the claims determination process. However, recognizing the scope of the changes involved, SSA determined it needed to introduce the position gradually; the DCM position would not become fully operational until fiscal year 2000.

The DCM is a key dimension of SSA's redesign. SSA plans to (1) establish over 11,000 DCM positions in about 1,350 federal and state locations and (2) recruit DCMS from its current workforce of about 16,000 federal claims representatives and about 6,000 state disability examiners. As mentioned earlier, the DCM would be responsible for making all decisions about a disability claim. This is a major deviation from current practice: an SSA claims representative processes the initial claim; then a state disability examiner and a medical consultant make the medical determination.

The DCM would conduct personal interviews, develop records for evidence, and determine medical and nonmedical eligibility. Specifically, the DCM would gather and store claim information, develop both medical and nonmedical evidence, share necessary facts in a claim with medical consultants and specialists in nonmedical or technical issues, analyze

evidence, and make the decision whether to allow or deny the claim. If the initial evidence does not support an allowance before denying the claim, the DCM will issue a predecision notice advising the claimant of what evidence has been considered and provide the claimant with the opportunity to submit additional evidence. Although DCMs could still call on medical and technical support personnel for assistance, a DCM alone would make the final decision on both medical and nonmedical aspects of a disability claim.

To accomplish all these tasks, the DCM would need a number of crucial initiatives, such as technology enhancements, process unification, and a simplified decision methodology. However, SSA acknowledges that these initiatives will not be implemented soon.

In addition, SSA faces many other challenges before the DCM can become operational, for example, securing support from state governments, state and federal labor unions, and congressional committees; developing training plans; conducting tests at pilot sites; bargaining with state unions; posting vacancy announcements for positions; and selecting and training employees.⁹ In October 1996, SSA stated that the decision to implement the DCM will not be made until valid and reliable testing demonstrates that this position is viable.

Process Unification Objectives Expanded

The scope of process unification has increased significantly since the implementation plan for the redesign was released in November 1994. At that time, the DPRT was primarily interested in developing a single policy manual—known as the “one book”—of all substantive policies for determining disability.

Since then, SSA has expanded the scope of its initiative to put together the one book. Under process unification, SSA hopes to achieve similar results on similar cases at all stages of the disability claims process, with consistent application of laws, regulations, and rulings. SSA’s expanded initiative includes (1) conducting the same training for 14,000 decisionmakers, including doctors and reviewers, (2) developing a consistent quality review process that balances review of allowances and denials and applies the same standards at all stages of the process, and (3) using more consistent medical input throughout the disability determination process.

⁹SSA Disability Redesign: More Testing Needed to Assess Feasibility of New Claim Manager Position (GAO/HEHS-96-170, Sept. 27, 1996) provides detailed information on implementing the DCM position.

Consequently, process unification will not be completed by September 30, 1996, as initially envisioned, but will be phased in through a series of incremental changes that could take through January 1998 or longer to complete.

Lengthy Initiatives Put Success of Redesign at Risk

When undertaking reengineering initiatives, organizations are often working toward accomplishing a vision for the future; they may invest several or more years to fully complete all of the initiatives. This is also true for SSA's redesign initiatives. As mentioned earlier, experts suggest, however, that organizations that have successfully reengineered their work processes meet their long-term vision by implementing discrete projects of relatively short duration. Experts therefore advocate planning initiatives that can be implemented within 12 months. Experts also state that achieving quick progress is the key to maintaining stakeholder support for long-term changes.

Furthermore, redesign in government agencies can be affected by constantly changing political environments that often restrict the time available for career officials to achieve program goals. Consequently, redesign initiatives with relatively short time frames allow organizations to avoid major disruption because of leadership changes. Some of SSA's initiatives, however, are beginning to expand in scope and become lengthy endeavors.

Reengineering experts also caution that lengthy initiatives can affect the continuity and availability of the agency's senior executives. Such senior executives are a necessary prerequisite for successful reengineering. These executives are the cornerstone of any redesign effort and actively demonstrate the agency's commitment to initiate and sustain the change. Although SSA recognizes the importance of management stability and continuity to the redesign process, it has experienced turnover in three senior executive positions since implementation began. We did not develop evidence that such turnover has had a negative impact on SSA's redesign. But continued turnover could result in possible loss of momentum or change of scope or direction. Redesign initiatives that take many years to complete face increased risk—the longer the project runs, the greater the chance that turnover of leadership will occur.

Maintaining Stakeholder Support Has Been Challenging

Maintaining stakeholder support is critical to reengineering. Because stakeholders can jeopardize the chances for successful reengineering if they are not committed to it, managers of redesign must seek out and secure support from all stakeholders. Stakeholders have considerable knowledge of the business and organizational environment and can help rally support from other stakeholders.

SSA identified and tried to involve stakeholders in the redesign, but has encountered problems obtaining and maintaining their support. In September 1993, SSA established an executive workgroup to identify the stakeholders that should be involved in the development and implementation of redesign. More than 140 stakeholders were identified from congressional, federal, state, public, and private groups.

In its November 1994 redesign implementation plan, SSA called on its federal and state workforce to make the vision a reality. Since then, some actions taken by SSA have raised major concerns for some stakeholders—especially salary issues. According to the president of the American Federation of Government Employees, Local 1923, the union would have opposed the DCM position if SSA attempted to implement it as a grade 11. Under a memorandum of understanding between the union and SSA, those assigned to DCM positions will receive temporary promotions to grade 12, one grade higher than the journeyman level for the claims representative position. However, this action raised concerns for the state DDS directors and their workforce, many of whom believe that the agreement with the union will (1) exacerbate the existing salary gap between state and federal employees and (2) give federal employees a workload that is currently states' responsibility.

Another stakeholder disagreement arose following deliberations of a workgroup SSA created to determine how to accelerate testing of the DCM position. This workgroup was comprised of SSA and DDS management, claims representatives and disability examiners, and federal and state union representatives. The workgroup's final report endorsed SSA's proposal to test 1,500 DCMS over a 3-year period. Even though DDS representatives were workgroup participants, they did not support SSA's proposal to test such a large number of positions. At the conclusion of the DCM workgroup's activities, the NCCDD presented a position paper to the DPRT director. The paper stated that the directors would only agree to a pilot test involving 60 state and 60 federal DCMS.

On September 11, 1996, the director, DPRT, stated that SSA plans to begin training DCMs in January 1997. Federal employees will receive about 30 weeks of training and state employees about 6. After formal training is complete, a period of coaching and mentoring will take place. The total time envisioned for the formal training and the coaching period is about 18 months. However, as further evidence that stakeholder support is eroding, the director also said that he was not sure there will be a DCM test. He explained that (1) of the 16 states that previously agreed to take part in the test, 3 have decided not to participate and (2) several of the remaining 13 states are now reconsidering their decision to participate.

Further, SSA has not obtained strong support from a major stakeholder—the NCDDD. The directors manage over 14,000 state employees nationwide, of whom about 6,000 are disability examiners. According to two recent NCDDD surveys, the DDS directors indicated that many states were not strongly supportive of a number of redesign initiatives. According to the first survey, conducted in September 1995, only 3 of the 42 respondents,¹⁰ or about 7 percent, strongly supported redesign. In addition, 17 states, or about 40 percent, either moderately or strongly did not support SSA's efforts to redesign the disability process. According to the second survey, conducted in January 1996, the DDS directors' opinions about redesign had worsened, in part due to DCM testing. In response to the question about how the states viewed the overall redesign, 28 of 51 respondents, or about 55 percent, either moderately or strongly did not support redesign. Further, according to the survey, only 1 of 50 DDS directors thought the DCM position could be implemented successfully without all the enablers in place. In addition, 24 of these directors thought the DCM position could never be successfully implemented.

¹⁰As mentioned in ch. 1, there are 54 DDS offices nationwide.

Conclusions, Recommendation, and Agency Comments and Our Evaluation

Given the high cost and long processing time of SSA's current process, the agency's redesign, which undertakes a large number of initiatives at one time, is proving to be overly ambitious. Some initiatives are also getting more complex as SSA expands the work required to complete them. This approach is likely to limit the chances for success and has already led to delays in implementation: testing milestones have slipped and stakeholder support for the redesign has diminished.

As of July 1996, activity is under way for most of SSA's near-term initiatives; however, none is complete and many are behind schedule. Only about one-fourth of the near-term initiatives that contain testing requirements have been started. Consequently, SSA has not made the progress it intended in order to know whether specific initiatives will achieve the desired results.

Further, many of the initiatives are complex and have expanded in scope, thus increasing the time frames to complete them. A disadvantage to extending the time frames and delaying implementation is that they increase the likelihood that SSA will experience senior executive changes during the course of the redesign. Moreover, this delay also means that no concrete and measurable results are available to maintain stakeholder support.

While any one of the problems discussed in this report could possibly be managed and handled successfully, SSA currently faces a multitude of problems that raises questions about the likelihood redesign will succeed.

Recommendation

To increase the likelihood that its reengineering project will succeed, given the major delays that SSA has experienced and the risk of further decline in stakeholder support, we recommend that the Commissioner of the Social Security Administration concentrate on accomplishing rapid results through initiatives of smaller, more manageable scope. This effort should include

- selecting those initiatives most crucial to producing significant, measurable reductions in claims-processing time and administrative costs—including those initiatives intended to achieve process unification, establishment of new decision-making positions, and enhancement of information systems support—and

-
- combining those initiatives into an integrated process, testing that process at a few sites, and evaluating the results—before proceeding with full-scale implementation.

The valuable experience gained in these initial efforts can then be used both to improve the redesign and to build support among stakeholders and potential program beneficiaries. In addition, other initiatives could be undertaken at a later date, when progress is ensured for the initiatives described above and resources become available.

Agency Comments and Our Evaluation

In its comments, SSA generally agreed with the thrust of our report and its recommendation. SSA stated it is directing a larger portion of its redesign resources to crucial initiatives. Further, SSA plans to evaluate several key redesign features in early 1997—the single decisionmaker and predecision interview process, elimination of the reconsideration stage, and the proposed adjudication officer (AO) position—in an integrated test. This approach does not, however, include integrated testing of all the initiatives we and SSA now consider crucial. Among the initiatives excluded from this testing approach are process unification, quality assurance, and enhancement of information systems support.

We continue to believe that SSA, before proceeding with full-scale implementation, should combine all crucial initiatives into an integrated process, test that process at a few sites, and evaluate test results. The approach we recommend is quite similar to one that was under consideration at SSA in 1995. Under that 1995 approach, sites were to serve as comprehensive test locations, with the principal function of integrating and combining all crucial initiatives, including automation and technology enablers.

In its comments, SSA also expressed some reservations about how quickly it could complete redesign. SSA stated that while other organizations could achieve results quickly, such an expectation regarding SSA's redesign would be unrealistic, given the scope of the initiatives. But during the course of our work, we identified several instances of large, complex government and private organization redesigns in which significant test results were achieved in a relatively short time. Although testing a fully integrated process may require considerable effort, quick completion would both (1) provide valuable information that would assist SSA in selecting a redesign solution and (2) serve as a concrete demonstration of progress. These two factors should be helpful in building support among

Chapter 4
Conclusions, Recommendation, and Agency
Comments and Our Evaluation

stakeholders and potential program beneficiaries. See appendix II for the full text of SSA's comments.

Disability Redesign Planning Timetable

Process feature	Near-term (fiscal years 1995-96)	Mid-term (fiscal years 1997-98)	Long-term (fiscal years 1999 and beyond)
Process entry and intake			
Comprehensive public information about the disability programs	Make disability information packets available in conjunction with a comprehensive public information campaign (nationwide)		
Starter application	Test and evaluate use of starter application	Make starter application available for all claimants (nationwide)	
Claimant chooses mode of entry into application process	Local managers develop arrangements with third parties, who are capable of providing assistance, based on SSA protocols for third-party interaction Test use of mail-in applications for certain types of claims or for hard-to-reach applicant populations Develop, test, and implement options for immediate telephone interviews	Test and implement options for third parties to assist in the completion and development of disability claims, including electronic interaction (nationwide)	Give claimant option to file an application electronically, by mail, by telephone, or in person (nationwide) Allow recognized third parties to electronically (1) interact with SSA and (2) submit complete application packages for determination by disability claim manager (DCM) (nationwide)
Claimant partnership in disability claims processing	Claimants (and their families or support networks) who are able actively participate in obtaining medical evidence in support of their claims (nationwide)		
DCM as single agency contact for all initial claims-processing activities	In every region, test ways to facilitate claims representative and disability examiner interaction, as well as teamwork, in application intake and claims decision-making	Continue testing and implement claims representative and disability examiner teams, making them responsible for disability claims intake, decision-making, and payment effectuation (nationwide) Test use of DCM in specified regional sites or for specified types of claims	DCM is the single point of contact for disability claims intake, decision-making, and payment effectuation (nationwide)
Evidence development tailored to claimant circumstances	In every region, test ways to facilitate claims representative and disability examiner interaction regarding the extent of medical development	Decisionmaker decides the extent of medical development necessary to reach a decision	

(continued)

**Appendix I
Disability Redesign Planning Timetable**

Process feature	Near-term (fiscal years 1995-96)	Mid-term (fiscal years 1997-98)	Long-term (fiscal years 1999 and beyond)
Predecision contact before initial denial determination	Publish final regulations and conduct tests in selected sites on the various means of providing (1) predecision notices and (2) opportunities for personal contact prior to issuing an initial denial determination	Provide predecision notice and opportunity for a personal contact with the decisionmaker, prior to issuing an initial denial determination (nationwide)	
Statement of the claim	Test use of enhanced decision rationales in reengineered disability system (RDS) pilot sites	Prepare a statement of the claim for all initial claims determinations (nationwide)	
Disability decision methodology			
Eliminate "not severe" step			Develop regulations to remove the "not severe" step (nationwide)
Index of Disabling Impairments replaces Listing of Impairments	Develop and test, using existing regulatory authority, a means to identify disability allowances earlier in the process	Develop and test the use of an Index of Disabling Impairments (adult and child) to facilitate allowances earlier in the process	Develop regulations that provide for an Index of Disabling Impairments (adult and child) to replace the Listing of Impairments (nationwide)
Ability to perform substantial gainful activity (SGA) (adults)	Assess research needs, develop scope of work, and award research contracts based on the relationship between age and the ability to adjust to other work; the development of standardized approaches to assessing functional ability, including the impact of education; and identification of the functional requirements of baseline work	Continue research and apply research results to refining the current approach to assessing residual functional capacity and the ability to perform other work Develop a baseline of occupational demands that represents work existing in significant numbers in the national economy Model changes and refinements to the decision methodology using case studies and other methods, as appropriate	Expand case studies to test refinements of new methodology Develop regulations to apply new methodology developed as a result of case studies (nationwide)
Comparable severity (childhood)			Develop, test, and implement standardized instruments for assessing a child's functional ability (nationwide)

(continued)

**Appendix I
Disability Redesign Planning Timetable**

Process feature	Near-term (fiscal years 1995-96)	Mid-term (fiscal years 1997-98)	Long-term (fiscal years 1999 and beyond)
Change the role of the medical consultant	<p>Revise regulatory requirements, for medical consultant sign-off on initial determinations, so as to make them consistent with existing statutory provisions requiring medical consultant involvement in childhood disability claims or claims that are denied based on mental impairments</p> <p>Identify categories of claims requiring medical consultant analysis at all levels of decision-making</p>	Test and implement a new role for medical consultants (including Office of Hearings and Appeals medical experts) at all levels of decision-making (nationwide)	
Medical evidence development			
Streamlined and targeted requests for medical evidence	<p>Identify opportunities for which medical evidence requirements can be streamlined</p> <p>Test options for requesting, storing, and retrieving medical records electronically</p> <p>Local managers focus resources on professional education and medical relations outreach with the medical community, including consultative examination providers (nationwide)</p> <p>Increase customer partnership in claims processing by providing opportunity for claimants to pursue their own medical evidence</p>	<p>Develop, test, and implement standardized forms for medical evidence collection, including fraud-prevention measures (nationwide)</p> <p>Integrate the process for requesting, storing, and retrieving medical records electronically into RDS</p>	<p>Standardized forms for medical evidence collection are tied to Index requirements and standardized functional assessment criteria (nationwide)</p> <p>Treating sources are encouraged to submit evidence electronically (nationwide)</p>
Sliding-fee schedule for medical evidence	Develop and test options for a sliding-fee schedule for medical evidence	Implement national sliding-fee schedule for medical evidence (nationwide)	Sliding-fee schedule tied to medical evidence requirements of new methodology (nationwide)

(continued)

**Appendix I
Disability Redesign Planning Timetable**

Process feature	Near-term (fiscal years 1995-96)	Mid-term (fiscal years 1997-98)	Long-term (fiscal years 1999 and beyond)
Administrative appeals process			
First level of appeal is the administrative law judge (ALJ) hearing	Initiate case reviews before oral hearings to expedite evidence collection and identify possible allowances	Develop and publish regulations to implement an adjudication officer (AO) position (nationwide)	
	Develop and publish regulations to test options for using an AO in prehearing proceedings	Develop and publish regulations to eliminate reconsideration (nationwide)	
	Publish regulations to test options for eliminating reconsideration in connection with testing of predecision notice and contact		
	In specified claims, conduct prehearing conferences to narrow issues for hearing		
Revised role for Appeals Council	Develop and publish regulations to test options for narrowing the scope of mandatory Appeals Council review	Continue testing and implement new role for Appeals Council (nationwide)	
	Develop and test options, in conjunction with a new quality assurance system, for expanding the Appeals Council's own motion reviews		
Quality assurance			
Training	Provide consistent training and direction to all disability decisionmakers (nationwide)	Identify new training needs and modify existing training programs based on results of end-of-line quality reviews (nationwide)	
In-line quality reviews	Develop and test procedures for implementing peer review and in-line monitoring	Implement revised in-line quality review system at all levels (nationwide)	
	Test revised in-line quality review system		

(continued)

**Appendix I
Disability Redesign Planning Timetable**

Process feature	Near-term (fiscal years 1995-96)	Mid-term (fiscal years 1997-98)	Long-term (fiscal years 1999 and beyond)
End-of-line quality reviews	Develop and implement revised end-of-line review, addressing both medical and nonmedical accuracy in Disability Insurance (DI) and Supplemental Security Income (SSI) disability claims at all levels (nationwide)	Implement revised comprehensive end-of-line (medical and nonmedical) review system (nationwide) Use results of end-of-line review system to identify needed policy and process improvements (nationwide)	
Customer satisfaction surveys	Conduct customer and employee surveys in conjunction with local, regional, and national pilots of disability process changes	Implement ongoing customer and employee satisfaction surveys (nationwide)	
Measurements	Measure overall processing time from the customer's perspective (nationwide)	Develop and implement revised performance measures (nationwide)	Customize management information to user's needs
Enablers			
Process unification	For determining disability, develop and implement a single presentation of all substantive policies, with appropriate monitoring and enforcement mechanisms (nationwide)		
Role of third parties (representatives)	Develop and implement regulations regarding representatives' qualifications and standards of conduct (nationwide) Conduct outreach to the legal community regarding disability programs requirements		
Technology	Implement RDS in pilot sites Standardize claims file preparation at all levels (nationwide) Test the use of video conferencing at appropriate remote sites Test redesign features, where feasible, in intelligent workstation/ local area network (IWS/LAN) sites	Implement RDS with enhanced decisional support (nationwide) Implement video conferencing at appropriate remote sites Begin integration of other SSA claims-processing systems with RDS	Implement fully integrated disability claims-processing system with paperless claims processing (nationwide) Provide electronic access to claims-processing system to claimants, representatives, and recognized third parties (nationwide) Make cost-effective video conferencing technology available (nationwide)

Comments From the Social Security Administration



SOCIAL SECURITY

Office of the Commissioner

October 31, 1996

Ms. Jane L. Ross
Director, Income Security Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Ms. Ross:

Thank you for the opportunity to comment on the draft report, "SSA Disability Redesign: Efforts Should Focus on Initiatives Most Crucial to Attaining Project Goals" (GAO/HEHS-97-20).

We share your concern about the importance of achieving early and effective results from our long-term efforts to improve the disability case claims process. This redesign effort is critical to obtaining greater efficiency in the processing of the disability case workload.

In order to realize timely and effective gains through our disability redesign efforts, we are continually assessing our overall progress on individual redesign initiatives and gaining insight into their interrelationships. Based on this ongoing evaluation, we are concentrating most of our redesign efforts upon several key elements and will soon begin testing an integrated redesigned process that incorporates many of these elements. Through testing of this redesign model, we will learn the degree to which this redesign model improves the disability claims process and thereby be better able to make effective decisions relating to nationwide application.

Enclosed are our specific comments on the report. If you have any questions, please call me or have your staff contact Mark Welch at (410) 965-0374.

Sincerely,

A handwritten signature in cursive script that reads "Shirley S. Chater".

Shirley S. Chater
Commissioner
of Social Security

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

**Appendix II
Comments From the Social Security
Administration**

COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION ON THE GENERAL ACCOUNTING OFFICE'S DRAFT REPORT, "SSA DISABILITY REDESIGN: EFFORTS SHOULD FOCUS ON INITIATIVES MOST CRUCIAL TO ATTAINING PROJECT GOALS" (GAO/HEHS-97-20)

We agree with the thrust of this report and are continually assessing our disability claims process redesign efforts in order to achieve effective long-term results as soon as possible. In December 1995, we began concentrating our focus on a more limited number of redesign initiatives. We are now directing a larger portion of our redesign resources to the most critical initiatives, while continuing a slower development of other, less critical elements. Also, we have decided to defer action on some activities pending development of required enablers, such as information systems changes.

We will soon begin testing some of the more critical redesign features in an integrated test site (the Full Process Model (FPM); see comments on recommendations below). Placing greater emphasis on the most critical redesign elements and evaluating them within an integrated testing mode, will facilitate early, successful completion of the overall redesign effort, and realization of reduced disability case processing time and administrative costs.

The many initiatives contained within the disability redesign underway at the Social Security Administration (SSA) represent interrelated solutions geared to simplifying administration of the highly complex disability programs. While some efforts in other organizations to reengineer processes of smaller scope and less complexity may achieve effective results within limited timeframes (this report suggests 12 months or less), we feel limited timeframes are unrealistic considering the scope of our disability initiatives. Imposing such implementation timeframes on our redesign efforts could jeopardize some of the redesign's most significant efficiencies.

General Accounting Office (GAO) Recommendations

- Select those initiatives most crucial to the redesign's ability to produce significant, measurable reductions in claims processing time and administrative cost--including those initiatives intended to achieve process unification, establish new decisionmaking positions, and enhance information systems support; and
- Combine those initiatives into an integrated process, test that process at a few sites, and evaluate testing results before proceeding with full-scale implementation.

**Appendix II
Comments From the Social Security
Administration**

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SSA Comment

We agree generally with this recommended approach and have been proceeding in a manner consistent with it. As noted above, we have identified redesign areas in which we are concentrating most of our redesign efforts to support critical, long-term efficiencies. These areas are:

- Full Process Model (FPM) testing (see description below);
- Disability Claims Manager (DCM) testing;
- Adjudication Officer (AO) testing;
- Disability process unification;
- Quality assurance relating to the prior three items above;
- Simplified disability determination methodology research; and
- Connecting current State disability determination service information systems with SSA field office systems, and transition to the Reengineered Disability System.

The FPM will serve as an integrated redesign test site for several features. FPM testing, which will begin in early 1997, will incorporate several key redesign elements, including the single decisionmaker and pre-decision interview processes, elimination of the reconsideration stage, and the proposed AO position. We are also considering integrating other redesign features into the FPM.

As FPM testing progresses, we will initiate or continue stand-alone testing of some key redesign features, such as the DCM and AO positions. Stand-alone testing of critical redesign elements will facilitate identification of potentially constructive changes in the design of these aspects of the overall redesign effort and a more complete understanding of their impact on public service and program and administrative costs. Stand-alone testing will also help to minimize risk for those features having significant impact on process costs or quality.

**Appendix II
Comments From the Social Security
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Other Matters

Now on pp. 4 and 5.

The report indicates (page 6) that SSA plans to place about 11,000 employees in the DCM position. No decision has been made to implement the DCM position. We plan to pilot this position on a small scale to determine if it will achieve the redesign objectives. The decision to implement the DCM will not be made until valid and reliable testing demonstrates that this position is viable.

Now on pp. 27 and 28.

The report (page 42) lists completed redesign tasks. Item 5 in this list should be clarified to indicate that SSA has published regulations to test the DCM concept, the predecisional interview concept, and elimination of the reconsideration stage. We can test these concepts either singly or in combination. In addition, we are training all adjudicators on existing policy for treating physician opinion, pain and other symptoms, and residual functional capacity. Item 6 in this list should indicate that SSA has developed a research plan for developing a new disability determination methodology, and not just a research plan for defining substantial gainful activity.

GAO Contacts and Acknowledgments

GAO Contacts

Michael T. Blair, Jr., Assistant Director, (404) 679-1944
Clarence L. Tull, Sr., Evaluator-in-Charge, (404) 679-1870

Staff Acknowledgments

In addition to those named above, John M. Ortiz coauthored the report and contributed significantly to all data-gathering and analysis efforts.

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