

Office of the Inspector General

March 3, 1999

Kenneth S. Apfel
Commissioner of Social Security

Acting Inspector General

Management Advisory Report: Welfare Reform Childhood Redetermination Accuracy

The attached final report presents the results of our review, "Welfare Reform Childhood Redetermination Accuracy" (A-01-98-62012). Our objective was to determine how the Social Security Administration intends to investigate and correct accuracy problems for cessations and continuances of children redetermined under Welfare Reform by State Disability Determination Service offices.

You may wish to comment on any further action taken or contemplated on our recommendations. If you choose to offer comments, please provide them within the next 60 days. If you wish to discuss the final report, please call me or have your staff contact Daniel R. Devlin, Acting Assistant Inspector General for Audit, at (410) 965-9700.

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**WELFARE REFORM
CHILDHOOD REDETERMINATION
ACCURACY**

March 1999 A-01-98-62012

**MANAGEMENT
ADVISORY REPORT**



Office of the Inspector General

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Management Advisory Report: Welfare Reform Childhood Redetermination Accuracy

Our objective was to determine how the Social Security Administration (SSA) intends to investigate and correct accuracy problems for cessations and continuances of children redetermined under Welfare Reform by State Disability Determination Service (DDS) offices.

In December 1997,¹ SSA released a report outlining findings on the Agency's implementation of new childhood disability provisions in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, referred to as the Welfare Reform law. Under this law, individuals under age 18 are considered disabled if they have a medically determinable physical or mental impairment which results in marked and severe functional limitations and if their impairment meets the statutory duration requirement. One of the issues cited in SSA's report involved assessment accuracy problems with childhood cases at DDS offices. In the report, SSA stated that steps would be taken to correct these problems, including: (1) providing SSA and DDS staff with updated training; (2) reworking a number of the cases that were ceased under the new disability criteria; and (3) revising certain disability criteria. After SSA's report was issued, a steering committee was established to implement these steps.

We estimate that if the cases identified as inaccurately ceased were overturned as a result of SSA's rework, both Supplemental Security Income (SSI) and the States may incur additional SSI benefit costs of between \$7.40 million to \$24.02 million over a 1-year period. However, we estimate that Federal and State SSI funds at risk could be reduced between \$9.47 million to \$15.33 million over a 1-year period if SSA were to identify and correct inaccurately continued SSI childhood cases. SSA is currently reviewing the inaccurate cessations, but the Agency has not yet taken actions to

¹ Review of SSA's Implementation of New SSI Childhood Disability Legislation, Social Security Administration, December 17, 1997.

correct the inaccurate continuances nor provided a plan showing how and when this will be done. These cases could be corrected by scheduling inaccurately continued cases for a continuing disability review (CDR) earlier than required under current law. By correcting problems with both cessation and continuance cases, SSA can offset the majority of Federal and State costs incurred by the process, while also ensuring that all children who should continue to receive SSI benefits do so and those whose benefits should be ceased are stopped. SSA officials have indicated that they plan to address inaccurate continuances, but they have not yet provided an action plan. We recommend that SSA ensure that erroneous childhood continuances are reviewed. Specifically, we believe SSA should identify questionable continuation cases and update the profile of these questionable continuation cases to expedite the next scheduled full medical CDR.

In response to our draft report, SSA agreed with the overall conclusion. SSA's comments are found at Appendix C in their entirety. Specifically, SSA agreed that CDRs on childhood continuances made by States with low continuance accuracy are important. The Agency had planned to release the relevant cases for CDRs in early Fiscal Year (FY) 1999. SSA did have comments related to our calculations, pointing out that Office of the Inspector General (OIG) should: (1) recognize statistical variability associated with the quality measures on which we relied for our funds at risk estimates; and (2) adjust the cost and funds at risk calculations to reflect the potential impact of hearings and appeals. In our response, we noted that we recognized statistical variability and presented the most conservative estimates. In terms of hearings and appeals, we modified both our cost and funds at risk estimates in the report to show the potential impact of this process.

BACKGROUND

In August 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), also called the Welfare Reform law. This law mandates CDRs and/or redeterminations² be performed for specific SSI cases, including:

- redeterminations for children with a disability based on the comparable severity standard and/or maladaptive behavior;
- redeterminations for all SSI recipients attaining age 18; and

² The purpose of CDRs and redeterminations is to determine whether a disabled beneficiary is still medically eligible to receive benefits.

- CDRs at least once every 3 years for all SSI recipients under age 18 if not permanently disabled.

SSA originally determined that of the 1 million disabled children in the SSI program, approximately 288,000 children, with a disability based on the comparable severity standard and/or maladaptive behavior, needed to be redetermined under the Welfare Reform law. This number was later reduced to approximately 260,000 after all screening processes³ were completed. Under this law, individuals under age 18 are not considered disabled if they have an impairment of comparable severity to that of an adult. Rather, individuals under age 18 are considered disabled if their impairment meets the statutory duration requirement and if they have a medically determinable physical or mental impairment which results in marked and severe functional limitations. The law also eliminated the use of individualized functional assessments for children and eliminated reference to maladaptive behavior in the personal domain in specified listings. These redeterminations were performed by State DDS offices which are SSA's primary contractors responsible for performing initial disability determinations for SSI and the Disability Insurance programs. By January 31, 1998, SSA had completed approximately 243,100 redeterminations at the initial level and decided to cease benefits to about 146,700 children (60 percent) and continue benefits to 96,400 children (40 percent).

The Commissioner's Report on Welfare Reform Implementation

On December 17, 1997, SSA's Commissioner released a 65-page report as part of his "top-to-bottom review" of the Agency's implementation of the Welfare Reform law as it affected the SSI childhood disability program. The main goal of the report was to determine whether disability provisions of the law were being fairly and correctly applied. The report identified three specific areas of concern: (1) cessations of children classified in SSA's records as having mental retardation; (2) the quality of case processing; and (3) appeals and requests for benefit continuation during appeal.

In our review, we focused on how SSA addressed the quality of case processing as it pertains to redetermination processing at the DDS level. Quality assurance (QA) reviews conducted by the Office of Quality Assurance and Performance Assessment

³ An initial review of the approximately 288,000 children scheduled to be redetermined identified approximately 28,000 children that were not the intended target of Welfare Reform.

(OQA) indicated lower than expected case performance accuracy⁴ rates for both cessations and continuances at the DDS level.⁵ The QA reviews examined the support for a sample of determinations, including medical evidence and information from parents and schools, where appropriate.

The Commissioner's report identified the following performance accuracy rates for Welfare Reform reviews achieved by DDS offices during June through October 1997:

- the performance accuracy rates for cessations averaged 93.4 percent (i.e., 6.6 percent of the childhood cessations sampled by OQA were returned to DDS for further development); and
- the performance accuracy rates for continuances averaged 91.5 percent (i.e., 8.5 percent of the childhood continuances sampled by OQA were returned to DDS for further development).

As a result of this review, the Commissioner called for actions to correct the cessation accuracy problems. Some of these steps included: (1) providing additional training to DDS staff; (2) reworking a number of cessation cases with accuracy problems; and (3) developing a Social Security Ruling on the evaluation of speech disorders in combination with cognitive limitations. With regard to continuance errors, SSA's report stated that for those DDS offices in which continuance accuracy is below 90.6 percent, the Agency will give childhood disability cases priority reviews.

SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- examined the Commissioner's report on Welfare Reform;

⁴ "Performance accuracy refers to the percentage of cases that do not have to be returned to State agencies for further development or correction of decisions based on evidence in the files and as such represents the reliability of State agency adjudication. The definition of performance accuracy includes the measurement of factors that have a potential for affecting a decision, as well as the correctness of the decision. For example, if a particular item of medical evidence should have been in the file but was not included, even though its inclusion does not change the results in the case, that is a performance error. Performance accuracy, therefore, is a higher standard than decisional accuracy. As a result, the percentage of correct decisions is significantly higher than what is reflected in the error rate established by SSA's quality assurance system." Title 20 of the Code of Federal Regulations, Part 416.1043(a).

⁵ Cessations refer to disability cases where a DDS office reviewed the medical eligibility of a child and decided that the child was no longer qualified to receive SSI benefits. Continuances refer to disability cases where a DDS office decided that the child was still medically eligible to continue receiving SSI benefits.

- reviewed the most current OQA reports on State DDS redetermination performance accuracy rates;
- interviewed SSA personnel on the Steering Committee to Implement the Commissioner's Initiatives on SSI Childhood Cases (the Steering Committee) and the Office of Disability (OD);
- interviewed OQA personnel to obtain a more thorough understanding of their statistical collection methods;
- estimated costs and funds at risk related to correcting improper cessations and continuances using QA data from June 1997 through January 1998, as well as other data provided by OQA throughout our review; and
- reviewed pertinent laws and regulations related to CDRs and/or redeterminations for children.

Our review used the same OQA data sources used in the Commissioner's report. We did not verify either the performance accuracy rates or decisional accuracy rates provided by OQA. We performed our review in Baltimore, Maryland, and Boston, Massachusetts, between February and July 1998.

RESULTS OF REVIEW

Corrective Actions Taken

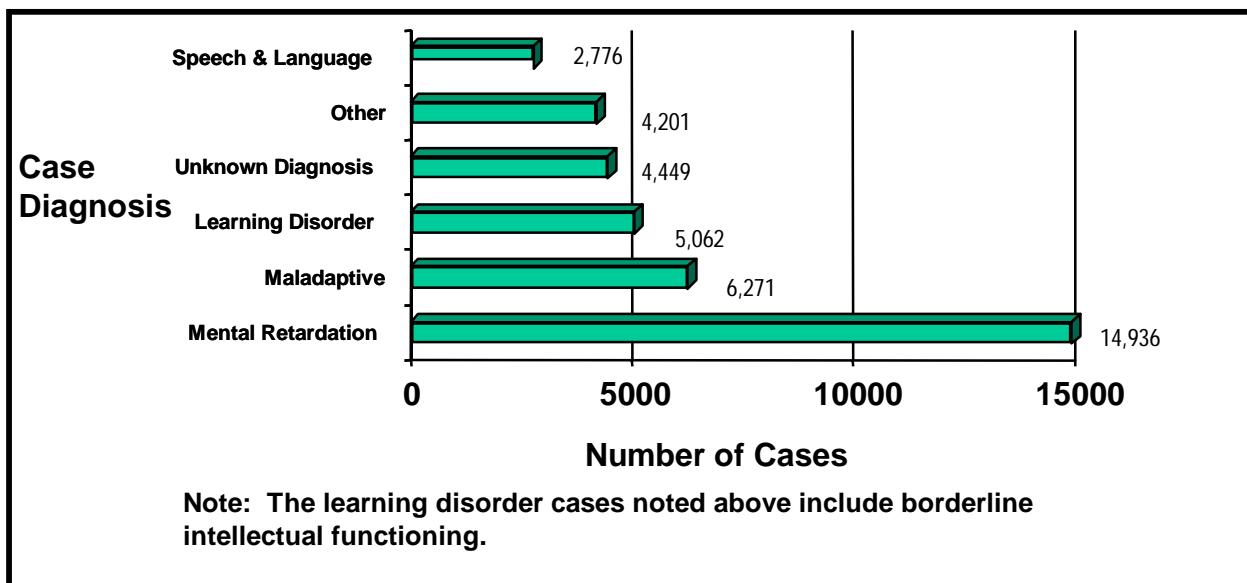
In December 1997, the Commissioner of SSA created two Steering Committees,⁶ one under the direction of OD, to oversee the implementation of corrective actions related to cases that may have been improperly ceased under reviews mandated by the Welfare Reform law. This Steering Committee has overseen a number of steps to investigate and correct accuracy problems at DDS offices. These steps relate to the screening and reworking of cessation cases. Screening involves a review of the case file to determine whether all the necessary documentation is present and that the determination was correct. A case will be reworked if deficiencies are found in a determination or if it is a mental retardation case with a valid IQ score of 75 or below. Some of the steps taken by SSA to correct cessation accuracy problems include:

⁶ The Steering Committee is chaired by the Director of the Division of Field Disability Operations and consists of officials representing OD, OQA, Central Operations, regional offices, DDS offices, and the Office of Hearings and Appeals. A second executive-level Steering Committee chaired by the Principal Deputy Commissioner for SSA and made up of senior executives from the same components listed above approves policy changes originating from the first Steering Committee.

- **Quality Review Plan:** OD and OQA issued a Quality Review Plan on February 18, 1998. The plan explained the procedures being put in place to monitor the quality of DDS screening and reworking of cessations. This monitoring is to be performed by OQA, as well as special teams consisting of both regional and field staff.
- **Training:** Approximately 15,000 SSA and DDS employees were trained in February and early March 1998, on both the contents of the Quality Review Plan and the evaluation of childhood mental impairments. Additional training in March 1998 related to cognitive and speech impairments. The Agency has also put together a training manual to accompany the mental impairment training.
- **Identifying Cases:** In March 1998, SSA issued a listing of approximately 38,000 cessation cases to be screened/reworked by DDS offices.⁷ These cessation cases will be selected based upon: (1) type of cessation; (2) diagnosis; and/or (3) accuracy problems at DDS. A breakout of the types of disabilities involved is provided in Figure 1. Notices to families informing them of the rework were also sent out in March 1998. DDS offices began the case screening and rework activities in April 1998.
- **Speech and Language Delay:** On March 30, 1998, SSA published a Social Security Ruling on Speech and Language Delay. This ruling provides additional criteria when DDS offices are screening and reworking cases related to this disability. The Agency has also conducted training on this updated criteria for both SSA and DDS staff.

⁷ On March 18, 1998, SSA identified and selected for rework 21,961 mental retardation denials related to new applications since August 22, 1996.

**Figure 1: Redetermination Cases to Be Screened and/or Reworked
(Provided to DDS Offices in March 1998)**



Continuance Accuracy Problems

Steering Committee officials noted that the Agency's current priority is to reinstate the benefits for those children whose benefits were improperly ceased. Although members of the Steering Committee agree that SSA also needs to address performance accuracy problems related to continuance redeterminations, at the time of our meetings the Agency had not yet outlined its action plan for addressing these cases other than to say that continuance reviews are expected to begin in FY 1999. We asked SSA officials about the possibility of screening and reworking the erroneous continuances in the same way the Agency is currently reworking the erroneous cessations. These officials told us that SSA had already made a decision to continue these childhood cases and could not reopen these cases in the same way as the cessation cases. As a result, we discussed the two available options for correcting these continuance cases: (1) reviewing cases for an "error on the face of the record;" or (2) accelerating the timing of the next CDR.

One way to correct a case would be to review it for an "error on the face of the record." This occurs when substantial evidence demonstrates that a prior decision or determination was made in error. If clear and compelling evidence exists that a prior decision was in error, or required material evidence of the severity of the claimant's impairment was missing, a decision maker can terminate the individual's benefits. However, SSA officials noted that this type of review was not a viable option for correcting erroneous continuances since historically few case decisions have been changed in this manner.

A second option is an accelerated CDR schedule. The Welfare Reform law requires that CDRs be performed at least once every 3 years for all SSI recipients under age 18, if not permanently disabled. If CDRs were performed even sooner on cases identified by SSA as likely to be in error, they could be reworked by the newly trained DDS personnel who are more likely to consistently apply the Welfare Reform disability criteria. The continuance cases could be selected using criteria similar to that used to identify improper cessation cases. Once identified, these cases could be marked with a special element when profiling cases for CDR selection so that they receive a full medical CDR on an accelerated schedule.⁸ This accelerated schedule could potentially result in CDRs being conducted in as few as 6 months, instead of the current schedule of 3 years. In addition, although SSA is currently attempting to modify the CDR mailers⁹ so that they can be used for childhood cases, the cases identified for an accelerated CDR should receive a full medical review since past DDS errors are not likely to be detected through the CDR mailer process.

An SSA official in OD noted that the Agency has already committed itself to conducting approximately 315,000 childhood CDRs in FY 1999. This official noted that SSA is currently in the process of adjusting the mix of cases to be reviewed so that States with high error rates in various childhood areas, including continuance errors from the Welfare Reform workload, receive more attention. We asked for more information on this CDR plan, but we were told that the plan was still in draft and not available for our review.

One potential limitation of an accelerated CDR, however, is the Medical Improvement Review Standard (MIRS). This standard applies to all CDRs whether on an accelerated schedule or not. According to an OQA official, under MIRS, only an improvement in the individual's condition would allow an error to be remedied since past improper decisions become part of the permanent record. Because of this standard, all past decisions, proper or not, become affixed to the individual's permanent record and cannot be used as a reason for cessation. When we discussed this matter with SSA officials they noted that MIRS is not expected to be a hurdle for childhood disability cases since children often show medical improvement as they mature. Agency officials noted that "As they age, many children become better able to adapt to their impairments . . . Likewise, many children improve because of medical treatment and therapy, and because of support and interventions at their schools and elsewhere."

It is also worth noting that some of the continuance cases with accuracy problems have been or will be corrected sooner than other cases. For example, performance errors identified during the QA sampling were corrected by DDS. In addition, some of these

⁸ This new profiling will also need to assume that identified cases are "non-permanent" disabilities and, therefore, require a CDR, since the existence of the disability itself is in question.

⁹ A CDR mailer is a questionnaire pertaining to the beneficiary's current condition, medical care, work activity and training.

cases are likely to be resolved in less than 3 years if the recipient is nearing age 18. When attaining age 18, all childhood beneficiaries are redetermined using adult eligibility criteria as required under the Welfare Reform law.

Cost and Savings of Performance Accuracy Issues

Using recent performance accuracy and decisional accuracy¹⁰ rates provided by OQA, we estimated the potential increase in SSI costs to SSA and the States if all improper childhood cessations were corrected. We also estimated the reduction in SSA and State funds at risk if all improper childhood continuances were corrected.¹¹ We attempted to adjust both our costs and funds at risk to reflect the impact of recipients appealing DDS determinations. For example, our estimated costs related to reworked cessations may be less since a number of these cases are already being appealed and some of the reinstatement costs would most likely be incurred whether or not a rework was performed. In addition, our estimates of a reduction in Agency and State funds at risk related to proposed CDRs on erroneous childhood continuances would be impacted by successful appeals.

Although SSA was unable to provide us with information related to a process that is still ongoing, we referred to SSA's "SSI Welfare Reform Childhood Status Report Through May 30, 1998," and determined that approximately 71 percent of the ceased decisions have been appealed. As far as the anticipated success of these appeals, SSA has already reported to the Congress that approximately 40 percent of these cessations are expected to be overturned on appeal. In order to provide a range of estimates for both cessation and continuance corrections, we applied these appeal and overturn rates to both the estimated costs related to correcting erroneous cessations and the estimated funds at risk related to correcting erroneous continuances.

We also adjusted our estimates to show the results of Agency corrections aimed at only those DDS offices that failed to meet the minimum performance accuracy standards as well as the potential results of an Agency attempt to correct childhood redetermination errors at all DDS offices. Although at this time the Agency has only committed to reworking cessation cases at DDS offices with the worst performance accuracy (below 90.6 percent), we wanted to show the full effect of redetermination errors in both cessation and continuance cases.

By reinstating improperly ceased benefits, we estimate SSA and States are likely to incur \$7.40 million to \$24.02 million in additional benefit payments over a 12-month

¹⁰ Decisional accuracy is a subset of performance accuracy. It represents the percentage of cases where the decision on the case was reversed after being reworked by DDS staff.

¹¹ State costs are represented through supplemental payments to SSI recipients within a particular State. Presently, there are 28 States that have an agreement with SSA to make supplementary payments to individuals who are receiving Federal SSI benefits. The States then pay SSA an amount equal to the expenditure.

period (see Appendix A).¹² We also estimate that by expanding the current rework to improperly continued beneficiaries, SSA and State funds at risk could be reduced between \$9.47 million to \$15.33 million in benefit payments over a 12-month period (see Appendix B).

CONCLUSION AND RECOMMENDATION

The Commissioner should be commended for the corrective actions being taken in the interest of ensuring that every child receives a fair assessment of eligibility for benefits. The Agency has developed a plan that should give children removed from the SSI roles an objective reassessment of their eligibility. However, SSA should ensure that it also investigates and corrects cases related to children whose SSI benefits were continued. In doing so, SSA can offset most of the increased costs to the SSI program due to identified performance accuracy problems, while also ensuring that all children who should continue to receive benefits do so and those whose benefits should be ceased are stopped. The States, which have their State supplement program administered by SSA, will also benefit by correcting these continuations.

We recommend that SSA ensure that erroneous childhood continuances are reviewed. Specifically, we believe SSA should identify questionable continuation cases and update the profile of these cases to expedite the next scheduled full medical CDR

AGENCY COMMENTS AND OIG RESPONSE

In response to our draft report, SSA agreed with the overall conclusion. Specifically, SSA agreed that CDRs on childhood continuances made by States with low continuance accuracy are important. The Agency had planned to release the relevant cases for CDRs in early FY 1999.

SSA took strong exception to our calculation of reduced SSA and State funds at risk if erroneous continuances are corrected, stating that there is statistical variability associated with the quality measures on which OIG relied for the provided estimates. In fact, we took this variability into consideration in the calculations and, rather than presenting a range, we chose to be conservative and only use the lowest figure in our calculations. As a result, the OIG report was more likely to underestimate potential funds at risk in the calculations rather than overstate potential funds at risk.

SSA's exception to our calculations includes the impact of potential appeals. SSA states that OIG did not adjust the calculations to reflect this information. OIG asked SSA for information related to this very issue, but we were told such information was

¹² The lower estimate factors in appeal rates for rework performed only at DDS offices with performance accuracy problems. The higher estimate also factors in appeals, but assumes rework performed throughout the nation for all DDS offices falling below 100 percent performance accuracy.

not available due to the ongoing process. As a result, we could only note information already presented by SSA in its internal reports and testimony before the Congress. Although both OIG and SSA agree that these figures are difficult to determine, in an effort to be more conservative in our estimates, we have adjusted the tables in Appendices A and B to show the possible impact of appeals. The current report now shows a range of estimates for SSA and State costs and funds at risk.

We again commend SSA for its top-to-bottom review of the childhood cases, its quick implementation of steps to correct childhood cessation errors, and its stated intent to correct childhood continuance errors. We also fully endorse SSA's effort to take steps above and beyond normal actions to ensure that every child receives a fair assessment of his or her eligibility for benefits.

James G. Huse, Jr.

APPENDICES

APPENDIX A

ESTIMATED SSA AND STATE COSTS RELATED TO QUESTIONABLE SSI CHILDHOOD CESSATIONS

STATE	JUN 97 - JAN 98 REDETERMINATION CESSATIONS (PERFORMANCE) ERROR RATE 1	1996 AVERAGE MONTHLY SSI BENEFIT 2	JUN 97 - JAN 98 NUMBER OF CESSATIONS GRANTED PER STATE 3	ESTIMATED NUMBER OF PERSONS INCORRECTLY CEASED 4	LOWER ESTIMATED AVERAGE MONTHLY COSTS PER STATE 5	UPPER ESTIMATED AVERAGE MONTHLY COSTS PER STATE 5
Alabama	4.6%	\$ 428.59	4,976	229.9		\$ 98,529.07
Alaska	6.9%	422.29	89	5.7		2,424.16
Arizona	4.3%	422.49	1,266	32.8		13,853.19
Arkansas	6.3%	417.65	4,307	102.5		42,811.88
California	11.1%	504.64	5,368	294.2	148,448.13	148,448.13
Colorado	4.9%	407.15	988	9.7		3,942.19
Connecticut	2.1%	431.01	683	13.9		6,005.35
Delaware	2.9%	415.38	243	4.4		1,816.87
Dist. Columbia	18.6%	428.35	213	12.1	5,191.47	5,191.47
Florida	6.0%	422.95	8,314	228.6		96,701.17
Georgia	8.7%	416.30	3,243	156.6		65,207.94
Hawaii	6.2%	413.00	30	0.0		-
Idaho	11.9%	395.26	599	60.9	24,054.89	24,054.89
Illinois	3.7%	436.21	8,751	351.8		153,454.40
Indiana	6.9%	414.05	3,019	147.9		61,250.83
Iowa	5.4%	391.84	1,271	31.0		12,151.90
Kansas	7.2%	397.79	1,818	25.8		10,269.19
Kentucky	8.7%	423.52	3,161	166.3		70,418.08
Louisiana	0.8%	434.91	8,698	103.5		45,015.88
Maine	3.1%	404.47	295	9.8		3,973.31
Maryland	11.5%	416.06	1,620	102.1	42,463.08	42,463.08
Massachusetts	3.1%	461.77	2,244	51.8		23,936.49
Michigan	6.0%	432.11	6,342	238.5		103,040.60
Minnesota	1.6%	418.44	1,312	21.5		9,003.49
Mississippi	15.8%	426.84	4,589	376.8	160,814.92	160,814.92
Missouri	3.1%	423.25	4,330	134.7		56,996.11
Montana	2.4%	418.56	368	7.2		3,034.39
Nebraska	3.3%	401.79	614	12.5		5,007.99
Nevada	2.0%	399.44	230	4.1		1,626.12
New Hampshire	1.2%	389.22	171	2.0		792.02
New Jersey	9.4%	440.82	2,373	47.7		21,025.92
New Mexico	3.2%	428.58	837	12.2		5,237.33
New York	7.8%	453.28	15,578	824.1		373,537.26
North Carolina	10.7%	405.72	4,946	210.7	85,485.04	85,485.04
North Dakota	1.5%	399.34	125	0.0		-
Ohio	9.4%	427.02	8,561	525.6		224,461.10
Oklahoma	3.2%	427.28	1,220	42.9		18,349.11
Oregon	13.2%	413.44	471	40.0	16,532.60	16,532.60
Pennsylvania	11.2%	450.12	5,212	436.8	196,596.93	196,596.93
Rhode Island	8.6%	471.49	559	24.4		11,517.70
South Carolina	6.4%	413.36	2,727	159.5		65,943.11
South Dakota	3.3%	407.14	243	6.6		2,700.93
Tennessee	10.7%	424.54	4,041	352.4	149,597.37	149,597.37
Texas	5.2%	412.79	9,088	414.4		171,065.46
Utah	3.8%	394.75	536	19.8		7,828.68
Vermont	1.4%	468.35	195	6.6		3,114.29
Virginia	4.5%	409.10	4,182	213.3		87,253.67
Washington	9.8%	435.23	1,214	74.2	32,283.36	32,283.36
West Virginia	4.1%	428.03	1,362	48.2		20,637.38
Wisconsin	4.0%	416.09	3,911	68.4		28,478.24
Wyoming	5.4%	418.32	178	4.2		1,749.83
TOTALS	--	--	146,711	6,471	\$ 861,467.79	\$ 2,795,630.42
				X 12 months	X 12 months	
			Total Annual Costs	\$10,337,613.48	\$33,547,565.04	
			Adjusted for Appeals (less 28%)	\$ 7,401,731.25	\$ 24,020,056.57	

NOTES

- 1) The numbers in Column 1 were taken from the Social Security Administration's (SSA) "Childhood Redetermination Reports - INFORMATION - SSI Welfare Reform Childhood Status Report for the Week Ending January 31, 1998," in Table 6. They reflect the accuracy of the original decisions (performance accuracy). These numbers are used for informational purposes only and are not used in the table calculations.
- 2) The numbers in Column 2 were taken from "Children Receiving SSI – December 1997," prepared by SSA's Office of Research, Evaluation and Statistics, in Table 2.
- 3) The numbers in Column 3 were taken from SSA's "Childhood Redetermination Reports - INFORMATION - SSI Welfare Reform Childhood Status Report for the Week Ending January 31, 1998," in Table 1. To calculate the number of cessations granted per State, we subtracted the initial redetermination continuances from the initial redetermination totals.
- 4) The numbers in Column 4, estimated number of persons incorrectly ceased was calculated using decisional accuracy rates provided by the Office of Quality Assurance and Performance Assessment on July 23, 1998. Decisional accuracy rates for erroneous cessations were considered statistically reliable for all States with the exception of the District of Columbia, Alaska, and Oregon. For each of these 3 States, we compared the regional decisional accuracy rate to the State decisional accuracy rate and used the lesser rate, which produced the fewest number of persons incorrectly ceased.
- 5) The numbers in these two columns were calculated by multiplying the estimated number of persons incorrectly continued by the average monthly Supplemental Security Income benefit per State. The three totals at the bottom of the column represent: (1) the total monthly costs; (2) the total annual costs (monthly costs multiplied by 12); and (3) the adjusted annual costs assuming an appeals rate of 71 percent and an overturn rate of 40 percent. The lower cost estimate pertains to only those States with a performance accuracy rate below the minimum of 90.6 percent established by SSA. The upper cost estimate covers all States.

APPENDIX B

ESTIMATED SSA AND STATE FUNDS AT RISK RELATED TO QUESTIONABLE SSI CHILDHOOD CONTINUANCES

STATE	JUN 97 - JAN 98 REDETERMINATION CONTINUANCE (PERFORMANCE) ERROR RATE 1	1996 AVERAGE MONTHLY SSI BENEFIT 2	JUN 97 - JAN 98 NUMBER OF CONTINUANCES GRANTED PER STATE 3	ESTIMATED NUMBER OF PERSONS INCORRECTLY CONTINUED 4	LOWER ESTIMATED AVERAGE MONTHLY PAYMENTS PER STATE 5	UPPER ESTIMATED AVERAGE MONTHLY PAYMENTS PER STATE 5
Alabama	5.6%	\$ 428.59	1,788	33.4		\$ 14,330.16
Alaska	0.0%	422.29	99	3.4		1,442.33
Arizona	5.3%	422.49	1,344	92.2		38,952.90
Arkansas	2.7%	417.65	1,296	57.2		23,870.20
California	8.3%	504.64	7,723	329.0		166,026.46
Colorado	8.6%	407.15	777	32.3		13,128.76
Connecticut	2.3%	431.01	520	0.0		-
Delaware	5.6%	415.38	251	10.0		4,170.42
Dist. Columbia	7.2%	428.35	391	10.2		4,371.35
Florida	5.6%	422.95	5,608	227.1		96,062.10
Georgia	0.4%	416.30	1,414	40.4		16,835.34
Hawaii	1.0%	413.00	49	0.0		-
Idaho	18.1%	395.26	465	18.3	\$ 7,223.18	7,223.18
Illinois	4.3%	436.21	3,837	106.7		46,529.91
Indiana	2.9%	414.05	1,934	41.6		17,216.61
Iowa	3.2%	391.84	384	7.4		2,888.96
Kansas	11.6%	397.79	589	30.9	12,277.23	12,277.23
Kentucky	6.7%	423.52	3,942	60.7		25,710.54
Louisiana	13.8%	434.91	2,611	174.7	75,968.30	75,968.30
Maine	0.7%	404.47	208	2.3		908.60
Maryland	3.9%	416.06	1,425	22.0		9,130.44
Massachusetts	1.0%	461.77	2,171	0.0		-
Michigan	15.0%	432.11	6,281	188.4	81,422.49	81,422.49
Minnesota	2.6%	418.44	1,788	47.7		19,976.16
Mississippi	4.8%	426.84	1,308	0.0		-
Missouri	0.0%	423.25	1,632	0.0		-
Montana	0.0%	418.56	108	0.0		-
Nebraska	12.0%	401.79	281	14.7	5,916.12	5,916.12
Nevada	7.2%	399.44	322	19.3		7,717.18
New Hampshire	2.8%	389.22	121	1.3		508.63
New Jersey	19.9%	440.82	2,859	421.7	185,894.90	185,894.90
New Mexico	18.5%	428.58	418	28.0	11,984.90	11,984.90
New York	18.0%	453.28	9,289	1290.2	584,840.94	584,840.94
North Carolina	6.8%	405.72	6,262	139.0		56,401.73
North Dakota	6.1%	399.34	57	2.4		944.64
Ohio	2.1%	427.02	4,408	49.4		21,081.81
Oklahoma	1.5%	427.28	383	12.0		5,122.19
Oregon	0.0%	413.44	651	0.0		-
Pennsylvania	28.9%	450.12	7,575	296.2	133,317.67	133,317.67
Rhode Island	0.0%	471.49	242	0.0		-
South Carolina	9.0%	413.36	1,137	32.5		13,441.72
South Dakota	12.5%	407.14	299	8.1	3,286.84	3,286.84
Tennessee	3.7%	424.54	1,399	29.1		12,353.77
Texas	0.0%	412.79	2,439	0.0		-
Utah	1.3%	394.75	356	5.1		2,009.59
Vermont	0.0%	468.35	176	0.0		-
Virginia	8.4%	409.10	3,702	46.3		18,931.10
Washington	2.6%	435.23	1,346	25.4		11,071.99
West Virginia	4.2%	428.03	723	27.3		11,666.86
Wisconsin	1.4%	416.09	1,913	39.4		16,397.19
Wyoming	3.4%	418.32	148	6.1		2,569.32
TOTALS	--	--	96,449	4,029	\$ 1,102,132.57	\$ 1,783,901.53

X 12 months X 12 months

 Total Annual Funds at Risks \$13,225,590.84 \$21,406,818.36
 Adjusted for Appeals (less 28%) \$ 9,469,523.04 \$15,327,281.95

NOTES

- 1) The numbers in Column 1 were taken from the Social Security Administration's (SSA) "Childhood Redetermination Reports - INFORMATION - SSI Welfare Reform Childhood Status Report for the Week Ending January 31, 1998," in Table 6. They reflect the accuracy of the original decisions (performance accuracy). These numbers are used for informational purposes only and are not used in the table calculations.
- 2) The numbers in Column 2 were taken from "Children Receiving SSI – December 1997," prepared by SSA's Office of Research, Evaluation and Statistics, in Table 2.
- 3) The numbers in Column 3 were taken from SSA's "Childhood Redetermination Reports - INFORMATION - SSI Welfare Reform Childhood Status Report for the Week Ending January 31, 1998," in Table 1. Specifically, we used the initial redetermination continuances granted per State.
- 4) The numbers in Column 4, estimated number of persons incorrectly continued was calculated using decisional accuracy rates provided by the Office of Quality Assurance and Performance Assessment on July 23, 1998. Decisional accuracy rates for erroneous continuances were considered statistically reliable for only 31 of the States.¹ For each State where the statistics were less than reliable, we compared the regional decisional accuracy rate to the State decisional accuracy rates and used the lesser rate, which produced the fewest number of persons incorrectly continued.
- 5) The numbers in this column were calculated by multiplying the estimated number of persons incorrectly continued by the average monthly Supplemental Security Income benefit per State. The three totals at the bottom of the column represent: (1) the total monthly funds at risk; (2) the total annual funds at risk (monthly funds at risk multiplied by 12); and (3) the adjusted annual funds at risk assuming an appeals rate of 71 percent and an overturn rate of 40 percent. The lower funds at risk estimate pertains to only those States with a performance accuracy rate below the minimum of 90.6 percent established by SSA. The upper funds at risk estimate covers all States.

¹ States with statistically valid decisional accuracy information include Alabama, Arkansas, California, Connecticut, Delaware, District of Columbia, Florida, Hawaii, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, North Carolina, Ohio, Oregon, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

SSA's COMMENTS

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APPENDIX E

SSA ORGANIZATIONAL CHART
