
OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

PERFORMANCE MEASURE
FOR THE PERCENT OF THE
CONTINUING DISABILITY REVIEW
MULTI-YEAR PLAN COMPLETED

February 2001

A-01-00-10011

**MANAGEMENT ADVISORY
REPORT**



Office of the Inspector General

February 23, 2001

William A. Halter
Deputy Commissioner
of Social Security

Inspector General

Management Advisory Report: Performance Measure for the Percent of the Continuing Disability Review Multi-Year Plan Completed (A-01-00-10011)

OBJECTIVE

Our objective was to assess the reliability of the data used by the Social Security Administration (SSA) to measure the percent of the continuing disability review (CDR) multi-year plan completed by the end of Fiscal Year (FY) 1999.

BACKGROUND

SSA has been required to conduct periodic CDRs on individuals receiving Disability Insurance (DI) benefits since the early 1980s.¹ Congress has enacted new legislation since 1994 that requires CDRs and redeterminations on Supplemental Security Income (SSI) recipients as well. For example, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law (P.L.) 104-193, required additional CDRs and redeterminations related to the SSI workload. Under this legislation, SSA must perform: (1) disability redeterminations for 18 year olds using adult eligibility criteria for initial claims; (2) CDRs not later than 12 months after birth for children for whom low birth-weight is a contributing factor material to the determination of disability; and (3) CDRs at least once every 3 years for all children under age 18 with impairment(s) that are likely to improve (or, at the option of the Commissioner, recipients whose impairments are unlikely to improve). The Contract with America Advancement Act of 1996, P.L. 104-121, provided more than \$4 billion in funding for FY 1996 through FY 2002 to assist SSA in performing CDRs so it could become current with these reviews. Appendix C provides a list of relevant legislation.

¹ The purpose of a CDR is to determine whether a disabled beneficiary is still medically eligible to receive benefits.

In August 1996, SSA issued a 7-year plan for processing CDRs to meet the provisions of P.L 104-121. SSA updated this multi-year plan in March 1998 to reflect changing conditions as a result of additional workloads, new legislation, new data and revised assessments. The new plan estimates that 9.3 million CDRs will have been completed between FYs 1996 and 2002. SSA updated the plan again in May 2000 and plans to issue the revised multi-year plan during FY 2001.

One of the Government Performance and Results Act (GPRA) performance measures established by SSA is completing a specific percentage of its CDR multi-year plan. GPRA requires SSA to develop performance indicators that assess the relevant service levels and outcomes of each program activity. GPRA also calls for a description of the means employed to verify and validate the measured values used to report on program performance. As of the end of FY 1999, SSA reported it had completed 45.9 percent of the CDR multi-year plan. SSA's GPRA goal for FY 1999 was completing 44 percent of the multi-year plan.

RESULTS OF REVIEW

CDR BASELINE DATA

We were unable to audit the FY 1999 CDR multi-year plan performance measure since SSA was unable to provide complete baseline data used in preparing the plan. SSA staff told us that in July 1997 the Office of Disability (OD) prepared a data file representing everyone currently on the disability rolls who was eligible for a CDR. This would include everyone within the DI and SSI programs unless they were part of one of the exempted categories, such as disabled adult children age 65 and over. This data file provided the baseline information on individuals at the start of FY 1998 and was used in preparing the March 1998 CDR multi-year plan. However, when we requested a copy of this file we were told that the data file had expired after 2 years on SSA's mainframe computer system.

This 1997 baseline data file contained key information on those individuals eligible for CDRs. For example, the records within the file would have noted the age of the individual,² when the next CDR was scheduled,³ whether the individual was part of an excluded category, and other factors relevant to determining the likelihood of medical improvement. We had requested this data file to determine whether the starting point in SSA's multi-year plan was reliable.

Even though SSA was unable to provide the baseline data, SSA was able to provide copies of the actuarial worksheets and associated assumptions used to create the March 1998 CDR multi-year plan. However, the workpapers contained only summary

²This is relevant when determining childhood and adult break-outs, as well as age-18 redetermination workloads. In the case of children, SSA now performs only full medical CDRs since it has not yet determined that a mailer questionnaire is appropriate for children.

³ SSA staff reported that some records were missing this diary data. In such cases, SSA had to determine how best to treat these cases using other available information.

totals and categorizations of the OD baseline data used within the actuarial calculations. Since we were unable to verify the reliability of OD's population of individuals eligible for a CDR at the start of FY 1998, we were not in a position to comment on the reliability of the workload figures projected by SSA's Office of the Actuary.

The CDR multi-year plan performance measure is a ratio of two CDR numbers — a numerator representing the number of CDRs performed to date under the 7-year plan and a denominator representing the total number of CDRs to be performed over the 7-year period. While the overall CDR workload for the 7-year period could not be verified, we assessed the reliability of the data related to the number of CDRs processed in an earlier audit.⁴ In that audit we determined that the CDR data provided by SSA to support the number of CDRs processed in FY 1998 was reliable.

CDR MULTI-YEAR PLAN AS A PERFORMANCE INDICATOR

The current CDR multi-year plan performance measure pertains to the CDR workload until FY 2002, at which time the CDR multi-year plan expires. SSA has alternatives to using the multi-year plan as the basis for reporting on the status of the CDR workload. Instead, SSA could develop a performance measure that provides information on the status of the CDR backlog at the end of each FY. This would be preferable since: (1) it is consistent with SSA's assertion of compliance with CDR legislative requirements in SSA's financial statements; (2) SSA can continue to use this measure after FY 2002 when the current multi-year plan expires; and (3) it provides Congress with a clear measure of SSA's ability to reduce the CDR backlog and then remain current with CDRs due each year.

Reporting on the Multi-Year Plan Performance Measure

SSA periodically restates the CDR multi-year plan to adjust for new circumstances, as it did in March 1998 and in May 2000. Such adjustments change the "percent complete" figures as well as the ultimate workload goal. For instance, the March 1998 revision increased the number of CDRs to be conducted during FYs 1996 to 2002 from 8.2 million to 9.3 million. The increase means that the CDRs conducted between FYs 1996 and 1997 went from 14.5 percent of the old multi-year plan to 12.8 percent of the new multi-year plan. While SSA needs to perform these adjustments to account for new workloads and changing circumstances over the 7-year period, the adjustments can confuse readers of SSA's performance documents.

We asked SSA staff whether they plan to restate the performance indicator in FY 2001 based on the May 2000 revision of the CDR multi-year plan. An OD staff member said that SSA may simply restate the previous year figures using the new 7-year workload number. Should this occur, the FY 1999 performance measure being audited by OIG would change as well.

⁴ SSA/OIG A-01-99-91002, "Performance Measure Review: Reliability of the Data Used to Measure Continuing Disability Reviews," June 2000.

Other CDR Measures

SSA already has the ability to show the current status of the CDR backlog in more direct ways than citing the CDR multi-year plan. One way to do this is to report on the number of CDRs due at the end of the year that fall outside of the SSA-defined "current backlog."⁵ This indicator can be calculated by subtracting SSA's "current backlog" figure from the number of CDRs coming due by the end of the FY. The remaining CDRs represent the workload that cannot be worked timely.

An annual CDR backlog indicator would be consistent with: (1) requirements that SSA become, and remain, current with its CDR workload; and (2) ongoing compliance audit work at SSA. For example, SSA planned to be current with its DI CDR backlog by the end of FY 2000, in compliance with Section 221(i) of the Social Security Act (see Appendix C). In conducting the FY 2000 audit of SSA's financial statements, auditors will test the CDR-related data and information to verify compliance with provisions of the Social Security Act related to CDRs.

Another advantage of developing a CDR backlog performance indicator not linked to the CDR multi-year plan is SSA's ability to use this measure after FY 2002 when the current multi-year plan expires. Once the special authorizations for CDRs expire in FY 2002, SSA will be in a position where it has to develop a new backlog performance indicator if it wants to keep Congress informed on this workload. A performance indicator showing the annual status of the CDR backlog compared to the Agency's workload capacity provides the Congress with a clear measure of SSA's ability to reduce this CDR backlog, and then remain current with the reviews.

CONCLUSIONS AND RECOMMENDATIONS

While SSA's reported statistics indicate a high level of productivity with regard to CDRs,⁶ SSA was unable to provide the information requested to test the reliability of the CDR multi-year plan. GPRA requires agencies to provide a basis for comparing actual program results with the established performance goals. SSA was unable to provide complete files containing support for the individuals eligible for a CDR at the start of FY 1998. As a result, we were unable to verify the information in the CDR multi-year plan.

⁵ SSA defines "current backlog" as about a 1-year workload of full medical reviews and a 6-month workload of CDR mailers.

⁶ See chart on page A-5.

In addition, SSA's performance indicator for the CDR backlog could be improved to provide an annual status on compliance with laws and regulations. In future periods, we recommend that SSA:

- 1 Maintain records for at least 3 years to support those individuals eligible for CDRs as part of its GPRA goal so that a third party can fully assess the reliability of SSA's reporting.
- 2 Consider a new performance indicator for the CDR backlog so that SSA has an annual measure consistent with CDR legislative requirements that will remain meaningful beyond FY 2002. If a new performance measure is not developed, when reporting on its GPRA measures, SSA should disclose any restatement of prior-year CDR performance indicators resulting from adjustments to the multi-year plan.

AGENCY COMMENTS

In response to our draft report, SSA agreed with our recommendations. (See Appendix D for SSA's comments.)

Jane E. Vey
for James G. Huse, Jr.

Appendices

Appendix A – Background

Appendix B – Scope and Methodology

*Appendix C – Summary of Selected Continuing Disability Review
Legislative Provisions*

Appendix D – Agency Comments

Appendix E – OIG Contacts and Staff Acknowledgments

BACKGROUND

The Social Security Administration (SSA) has been required to conduct periodic continuing disability reviews (CDRs) on individuals receiving Disability Insurance (DI) benefits since the early 1980s.¹ Congress has enacted new legislation since 1994 that requires CDRs and redeterminations on Supplemental Security Income (SSI) recipients as well. For example, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law (P.L.) 104-193,² required additional CDRs and redeterminations related to a portion of the SSI workload. Under this legislation, SSA must perform:

- (1) disability redeterminations for 18 year olds using adult eligibility criteria for initial claims;
- (2) CDRs not later than 12 months after birth for children for whom low birth-weight is a contributing factor material to the determination of disability; and
- (3) CDRs at least once every 3 years for all children under age 18 with impairment(s) that are likely to improve (or, at the option of the Commissioner, recipients whose impairments are unlikely to improve).

The Contract with America Advancement Act of 1996, P.L. 104-121, provided more than \$4 billion in funding for the period from the beginning of fiscal year (FY) 1996 through FY 2002 to assist SSA in performing CDRs so it could become current with these reviews. Appendix C provides a list of relevant legislation.

PROCESSING CDRs

SSA conducts CDRs using one of two methods: full medical reviews or questionnaires (mailers).

- Full medical reviews are primarily conducted by Disability Determination Services (DDS) offices located in each State,³ whose administrative costs are funded by SSA. SSA's folder processing centers send the case folder (which contains background and medical information on the individual) selected for a full medical CDR to the appropriate SSA field office (FO) for development. FO personnel review the information in the case folder, interview the individual, and update pertinent facts in the folder prior to sending the case to the DDS office for a full

¹The purpose of a CDR is to determine whether a disabled beneficiary is still medically eligible to receive benefits.

² P.L. 104-193 is often referred to as the Welfare Reform law. See Section 212.

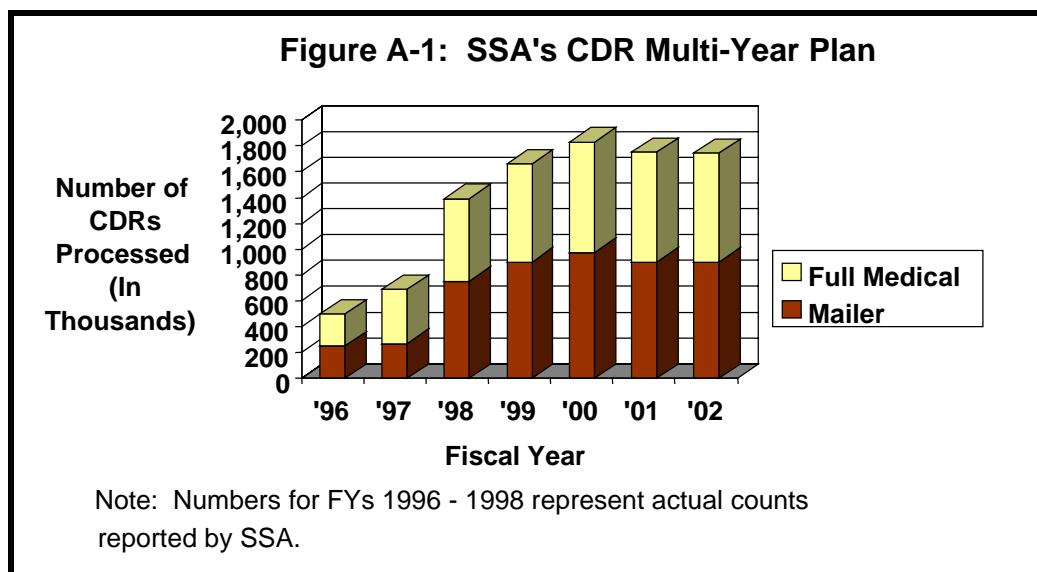
³ DDS offices are located in all 50 States, the District of Columbia, Guam, Puerto Rico and the Virgin Islands.

medical review. DDS medical examiners, using information in the case folder, determine if additional tests are necessary. Based on this information, a determination is made as to whether the individual is still disabled.

- CDR mailers are electronically readable forms — similar to other mass questionnaires released by SSA. The mailer asks six questions and can be sent in English or Spanish. The mailer asks whether the beneficiary/recipient has been employed, attended school or training, been told by a doctor whether he or she can work, has gone to a doctor or clinic for treatment, or has been hospitalized or had surgery. The individual only needs to check a box to answer each of these questions. SSA then utilizes computer programming to determine whether to: (1) defer a full medical CDR; or (2) refer the case for a full medical review.

CDR MULTI-YEAR PLAN

In August 1996, SSA issued a 7-year plan for processing CDRs to meet the provisions of P.L. 104-121. SSA updated this multi-year plan in March 1998 to reflect changing conditions as a result of additional workloads, new legislation, new data and revised assessments. The March 1998 plan estimated that 9.3 million CDRs will have been completed between FYs 1996 and 2002 (see Figure A-1).



SSA's goal is to become current with its CDR backlog. SSA defines the term "CDR backlog" as a group of beneficiaries:

- who have been found disabled on the basis of a favorable determination on an initial claim or subsequent CDR/SSI disability redetermination made by a Federal decision maker (Federal DDS, Office of Hearings and Appeals, or the Federal Courts) or a State DDS authorized to make determinations for the Commissioner;

- who have a matured medical reexamination diary, the diary information is blank, or in the case of certain SSI disabled children cases, a review is required; and
- whose cases are otherwise workable.

To be "current" with the backlog under its own definition, SSA would need to reduce the backlog to about 1 year's workload for full medical reviews and a 6-month workload for CDR mailers. These time periods represent the approximate amount of time from start to finish for each of these types of reviews.

In developing the CDR multi-year plan, SSA has exempted certain groups of disabled individuals from a future review, stating "Exempt cases represent those groups of cases that are known to be much less productive or unproductive under the existing CDR processes...or are under study to determine how they should be reviewed in order to be productive." These groups and the number of beneficiaries included (as of March 1998) are shown in Table A-1.

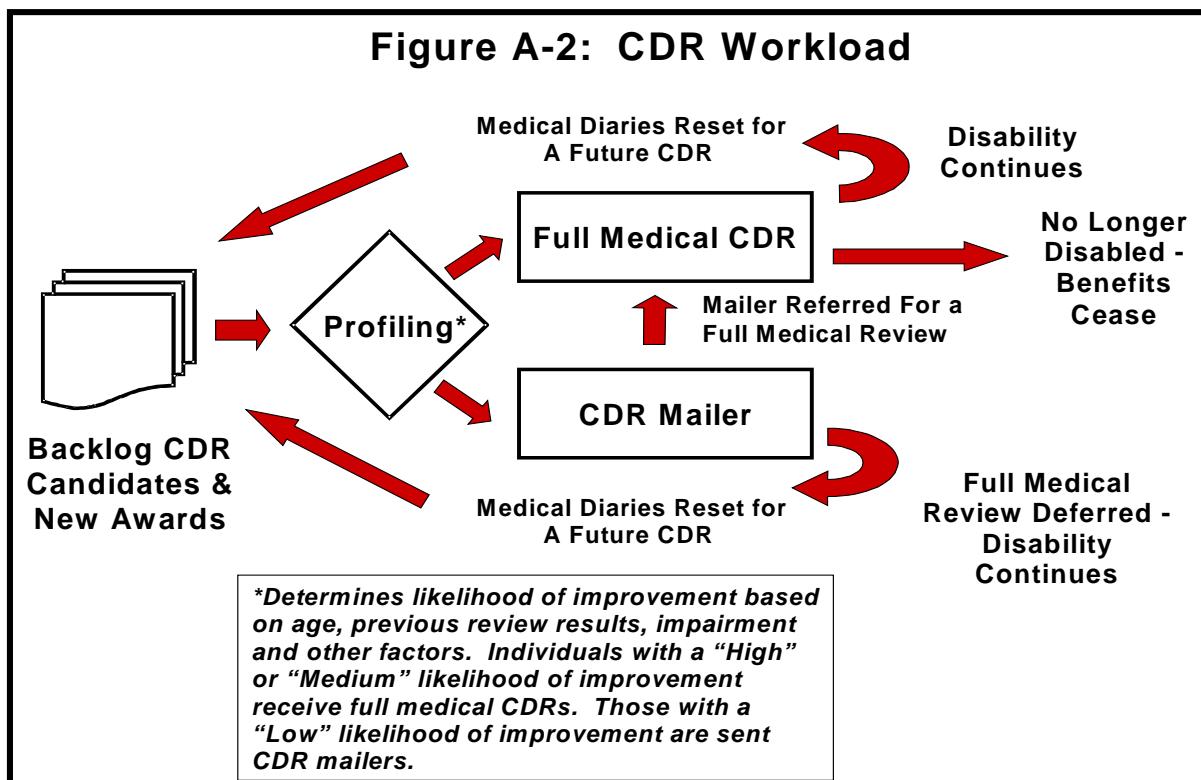
Table A-1: Exempt Workloads by Disability Program

DI Exemptions	SSI Exemptions
Disabled adults age 62-65 585,000 individuals	Disabled adults age 65 or older 678,000 individuals
Disabled surviving spouses aged 60 and over 83,000 individuals	Disabled adults under age 65 "grandfathered in" from old State programs 79,000 individuals
Disabled adult children age 65 and over 60,000 individuals	Permanently impaired children 70,000 individuals
Medicare for Qualified Government Employment Number Unknown	
Total DI Count: 728,000 individuals	Total SSI Count: 827,000 individuals

Preparing the CDR multi-year plan requires both baseline data on those eligible for a CDR at a particular point in time, as well as assumptions about:

- the type of CDR to be performed (i.e., full medical review or mailer);
- the expected results of those CDRs and the likelihood that another CDR will be due on an individual during the 7-year period of the plan; and
- expected new awards during the 7-year period that will require a CDR at some point during this time period.

Figure A-2 shows the flow of the CDRs under the multi-year plan. SSA makes a number of assumptions on the baseline data using its profiling criteria. The profiling system uses data from SSA's records to determine the likelihood of medical improvement for disabled individuals. Factors such as an individual's age, the type of disability, and the results of previous CDRs are used to determine whether a full medical review or a mailer questionnaire is appropriate. In general, those individuals determined to have a low likelihood of medical improvement are sent mailers. Cases that are profiled as having a mid-range to high likelihood of medical improvement are scheduled for full medical CDRs rather than mailers.⁴



MULTI-YEAR PLAN AS A PERFORMANCE MEASURE

The Government Performance and Results Act of 1993 (GPRA)⁵ requires SSA to develop performance indicators that measure or assess the relevant outputs, service levels and outcomes of each program activity. GPRA also calls for a description of the means employed to verify and validate the measured values used to report on program performance. SSA has stated that the Office of the Inspector General plays a vital role in evaluating the data used to measure performance.

⁴ SSA is currently in the process of refining its profiling system to reduce the Agency's dependency on full medical reviews.

⁵ P.L. 103-62.

One of the GPRA performance measures established by SSA is completing a specific percentage of its CDR multi-year plan. As of the end of FY 1999, SSA reported it had completed 45.9 percent of the CDR multi-year plan (see Table A-2). SSA's GPRA goal for FY 1999 was completing 44 percent of the multi-year plan.

Table A-2: Percent of CDR Multi-Year Plan Completed

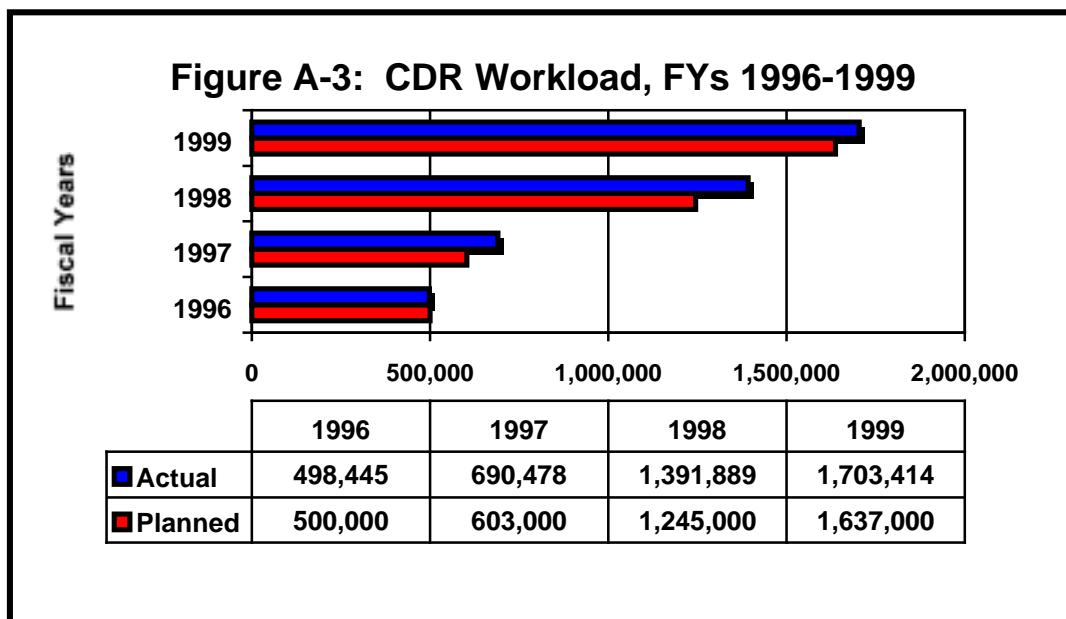
	FY 1996	FY 1997	FY 1998	FY 1999
Percent of Plan Completed	6.1%	13.5%	27.7%	45.9%

Note: Data taken from SSA's FY 1999 Accountability Report. All percentages represent "actual" percentages reported to Congress.

SSA reports to Congress on the CDR results in a number of ways. SSA reports on the number of periodic CDRs performed annually as a separate GPRA performance indicator. In addition, periodic CDRs is one of the measures reported to Congress to gauge SSA's progress in meeting workload goals proposed in its budget.

Finally, SSA is required to report to Congress the number of periodic CDRs performed each year to meet three legislative requirements: (1) the Social Security Act requires SSA to report to Congress annually on the results of periodic CDRs; (2) the Contract with America Advancement Act of 1996 requires that SSA provide an annual status report on the number of periodic CDRs performed, the cost to perform these reviews, and the expected program cost savings that will result from these reviews; and (3) the Welfare Reform law requires SSA to report on the number of SSI CDRs and redeterminations in an annual report on the SSI program.

By the end of FY 1999, SSA had reported to Congress that it completed approximately 4.3 million CDRs under its multi-year plan. During FYs 1997 through 1999, SSA reported that it exceeded the planned number of CDRs (see Figure A-3).



SCOPE AND METHODOLOGY

The objective of this review was to assess the reliability of the data used by the Social Security Administration (SSA) to measure the percentage of the continuing disability review (CDR) multi-year plan completed by the end of Fiscal Year (FY) 1999. In performing this review we:

- reviewed relevant SSA documents related to the CDR multi-year plan, including the March 1998 revision to the multi-year plan and SSA's FY 1999 Accountability Report;
- interviewed Office of Disability (OD) and Office of the Actuary (OACT) staff to understand how the CDR multi-year plan was established and calculated;
- requested a copy of the baseline data from OD to support the initial figures utilized by the OACT;
- reviewed actuarial spreadsheets to document how baseline data provided by OD was modified under the stated actuarial assumptions; and
- reviewed pertinent laws and regulations related to CDRs.

We did not review the CDR process or the workload counts since these areas were the subject of earlier Office of the Inspector General (OIG) reviews.¹ We performed our review in Baltimore, Maryland and Boston, Massachusetts between April and June 2000. The entities reviewed were the Office of Disability under the Deputy Commissioner for Disability and Income Security Programs; and the Office of Budget under the Deputy Commissioner for Finance, Assessment and Management.

¹ SSA/OIG A-01-98-94003, "Performance Measure Review: Continuing Disability Review Data Collection at the Disability Determination Services," September 1999; and SSA/OIG A-01-99-91002, "Performance Measure Review: Reliability of the Data Used to Measure Continuing Disability Reviews," June 2000.

SUMMARY OF SELECTED CONTINUING DISABILITY REVIEW LEGISLATIVE PROVISIONS

LEGISLATION	DATE ENACTED	SELECTED PROVISIONS	PROGRAM INVOLVED
Section 221(i) of the Social Security Act	Act amended on June 9, 1980 by Public Law (P.L.) 96-265; on January 12, 1983 by P.L. 97-455, and on November 10, 1988 by P.L. 100-647	<ul style="list-style-type: none"> 1) Report to Congress annually on the results of periodic continuing disability reviews (CDR) required to be performed on a beneficiary at least once every 3 years. 2) Report to Congress annually with respect to determinations that the Commissioner has made, on a State-by-State basis, to waive the requirement that the continuing eligibility of disability beneficiaries with nonpermanent disabilities be reviewed at least once every 3 years. 	Disability Insurance (DI) DI
Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296) Sections 207 and 208	August 1994	<ul style="list-style-type: none"> 1) Conduct medical reviews on at least one-third of individuals attaining age 18 each year during Fiscal Years (FY) 1996 through 1998. Report to Congress by October 1, 1998. (Note A) 2) Conduct at least 100,000 CDRs annually on Supplemental Security Income (SSI) recipients for the period October 1995 through September 1998. Report to Congress by October 1, 1998. 	SSI SSI
Contract with America Advancement Act of 1996 (P.L. 104-121) Sections 103 and 105 (Note B)	March 1996	<ul style="list-style-type: none"> 1) Conduct redeterminations by January 1, 1997 for beneficiaries for whom Drug Addiction and/or Alcoholism (DAA) is a contributing factor material to the finding of disability and who timely reapply for benefits. 2) Report to Congress annually for FYs 1996 through 2002 on the amount of money spent on CDRs, the number of reviews conducted by category, the results of such reviews by program and the estimated savings by program over the short-, medium- and long-term. 	DI/SSI DI/SSI

LEGISLATION	DATE ENACTED	SELECTED PROVISIONS	PROGRAM INVOLVED
Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) Sections 211, 212 and 231 (Note C)	August 1996	1) Redetermine eligibility for children considered disabled based on the comparable severity standard and/or maladaptive behavior. (Note D) 2) Conduct CDRs not less than once every 3 years for recipients under age 18 with impairments that are likely to improve. 3) Conduct CDRs not later than 12 months after birth for children for whom low birth-weight is a contributing factor material to the determination of disability. (Note D) 4) Redetermine eligibility during the 1-year period beginning on the individual's 18 th birthday using the adult initial eligibility criteria. (Note D) 5) Report annually on the SSI program, including in the report data on the number of redeterminations and CDRs, and the outcomes of such reviews and redeterminations.	SSI SSI SSI SSI SSI
Balanced Budget Act of 1997 (P.L. 105-33) Subtitle B Sections 5107 and 5522	August 1997	1) Extends from 12 months to 18 months the amount of time for redetermining the eligibility of children under age 18 using the new childhood disability standard and authorizes any redetermination missed during that period to be performed as soon as practicable thereafter. 2) Permits the Social Security Administration (SSA) to schedule CDRs for low birth-weight babies at a date after the first birthday if the Commissioner determines the impairment is not expected to improve within 12 months of the child's birth. 3) Provides SSA with the authority to make redeterminations of disabled childhood recipients who attain age 18, using the adult eligibility criteria, in lieu of a CDR, whenever the Commissioner determines that a case is subject to redetermination under this clause.	SSI SSI SSI

Notes:

- (A) Section 207 of P.L. 103-296 which contained these provisions was repealed by P.L. 104-193 on August 22, 1996.
- (B) The legislation also authorized funds to be spent on performing the required periodic CDRs as follows: for FY 1996, \$260 million; for FY 1997, \$360 million; for FY 1998, \$570 million; and for FY 1999 through FY 2002, \$720 million annually (see Section 103).
- (C) The legislation authorized \$150 million in FY 1997 and \$100 million in FY 1998 in additional funds to assist with these mandates.
- (D) Provisions modified by Sections 5105 and 5522 of the Balanced Budget Act of 1997.

AGENCY COMMENTS

**COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON
THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT MANAGEMENT
ADVISORY REPORT: PERFORMANCE MEASURE FOR THE PERCENT
OF THE CONTINUING DISABILITY REVIEW (CDR) MULTI-YEAR PLAN
COMPLETED (A-01-00-10011)**

We appreciate the opportunity to comment on the draft report. Following are our comments on the recommendations.

OIG Recommendation 1

SSA should maintain records for at least 3 years to support those individuals eligible for CDRs as part of its Government Performance and Results Act (GPRA) goal so that a third party can fully assess the reliability of SSA's reporting.

Comment

We agree. SSA will maintain the master selection file for 3 years, beginning with the current year's file.

OIG Recommendation 2

Consider a new performance indicator for the CDR backlog so that SSA has an annual measure consistent with CDR legislative requirements that will remain meaningful beyond fiscal year (FY) 2002. If a new performance measure is not developed, when reporting on its GPRA measures, SSA should disclose any restatement of prior-year CDR performance indicators resulting from adjustments to the multi-year plan.

Comment

We agree. Effective with FY 2003, SSA will use a new indicator, "Percent of CDRs Completed When Due." The Agency's latest strategic plan, published in September 2000, states that this will be the indicator used after FY 2002. The indicator will be discussed more fully in SSA's FY 2002 Annual Performance Plan, which will go to Congress in April 2001.

OIG CONTACTS AND STAFF ACKNOWLEDGMENTS

Rona Rustigian, Acting Director, (617) 565-1819

Walter Bayer, Deputy Director, (215) 597-4080

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