



## SOCIAL SECURITY

### **MEMORANDUM**

Date: June 26, 2002

Refer To:

To: The Commissioner

From: Inspector General

Subject: Continuing Disability Reviews for Supplemental Security Income Recipients Approved Based on Low Birth Weight (A-01-02-12031)

Attached is a copy of our final report. Our objective was to determine whether the Social Security Administration conducted continuing disability reviews in a timely manner for children whose claims for Supplemental Security Income payments were approved based on low birth weight.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on our recommendation. If you wish to discuss the draft report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

James G. Huse, Jr.

Attachment

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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**CONTINUING DISABILITY REVIEWS FOR  
SUPPLEMENTAL SECURITY INCOME  
RECIPIENTS APPROVED  
BASED ON LOW BIRTH WEIGHT**

**June 2002      A-01-02-12031**

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**AUDIT REPORT**

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## **Mission**

**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.**

# *Executive Summary*

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## **OBJECTIVE**

Our objective was to determine whether the Social Security Administration (SSA) conducted continuing disability reviews (CDR) in a timely manner for children whose claims for Supplemental Security Income (SSI) payments were approved based on low birth weight.

## **BACKGROUND**

As of August 22, 1996, SSA was required under Public Law (P.L.) 104-193 to perform CDRs by age one for children whose claims for SSI payments were approved based on low birth weight. The Balanced Budget Act of 1997 (P.L. 105-33) amended this earlier provision on August 5, 1997 by permitting SSA to schedule a CDR for a low birth weight child at a date after the first birthday if SSA determines that the impairment is not expected to improve by age one.

When an individual's initial entitlement to SSI benefits is established, SSA sets a medical review (MR) diary date based on when medical improvement is likely to occur. However, SSA does not currently select low birth weight cases for CDR development based on the MR diary. Instead, cases are selected approximately twice each year using specific selection criteria. A low birth weight case approved at the initial or reconsideration level is selected during this semi-annual process, provided:

- The recipient is currently receiving payments;
- SSA decided that the child was eligible to receive SSI payments before the child attained age two;
- It has been at least 4 months (but less than 42 months) since SSA decided that the child was disabled; and
- A CDR has not already been initiated or completed.

Six months after a case is selected for a CDR, a follow-up alert is issued if the CDR has not been completed. Follow-up alerts continue to be generated to the appropriate office every 3 months until the CDR is either completed or closed.

## **RESULTS OF REVIEW**

SSA did not conduct CDRs in a timely manner for some children whose SSI claims were approved based on low birth weight in 1998 and 1999. Of the 200 cases in our sample, SSA did not ensure that CDRs were completed timely in 34 cases (17 percent). Projecting the results of our sample to the population, we estimate that at least 4,078 of

the 31,907 low birth weight cases approved in 1998 through 1999 did not have CDRs completed timely. Had these CDRs been performed timely, we estimate that SSA might have avoided paying at least \$4 million in SSI funds.

Additionally, SSA did not always ensure CDRs were actually performed once cases were selected. For example, in one case, follow-up alerts were issued to the FO for over 2 years, but the CDR was not performed.

## **CONCLUSIONS AND RECOMMENDATIONS**

We believe that SSA should ensure that all low birth weight cases requiring CDRs are selected 3 months prior to the date that medical improvement is expected, and that the CDRs are completed in a timely manner. Under this method, low birth weight CDRs would be completed no later than 9 months after medical improvement is expected. Also, all cases in which the recipients' disabilities have improved will be identified and the recipients will be removed from the rolls in a more timely fashion.

To improve SSA's low birth weight CDR selection and monitoring processes, we recommend that SSA:

- Identify low birth weight cases requiring CDRs each month instead of the current semi-annual selection process.
- Include, in each month's selection, cases in which the MR diaries mature 3 months after the month of CDR selection.
- Discontinue screening out cases in which the recipients are not currently receiving payments when the initial CDR selection is made.
- Improve the CDR follow-up alert process so that successive alerts are generated to higher levels of management at designated times.

## **AGENCY COMMENTS**

In response to our draft report, SSA agreed in principle with our recommendations. The full text of SSA's comments is included in Appendix B.

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## *Acronyms*

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CDR	Continuing Disability Review
CDRCF	Continuing Disability Review Control File
DDS	Disability Determination Services
FO	Field Office
FY	Fiscal Year
MR	Medical Review
NDSSS	National Disability Determination Services System
OIG	Office of the Inspector General
P.L.	Public Law
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record

# *Introduction*

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## **OBJECTIVE**

Our objective was to determine whether the Social Security Administration (SSA) conducted continuing disability reviews (CDR) in a timely manner for children whose claims for Supplemental Security Income (SSI) payments were approved based on low birth weight.

## **BACKGROUND**

SSI is a nationwide Federal cash assistance program administered by SSA that guarantees a minimum level of income for certain needy individuals. To be eligible for SSI payments, an individual must be:

- Disabled;
- Blind; or
- Age 65 or older.

In addition, an individual must:

- Be a resident of the United States;
- Be a United States citizen or an eligible noncitizen; and
- Meet certain income and resource limits.

A child is considered disabled for SSI purposes if he or she has a "...physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."<sup>1</sup> In Fiscal Year (FY) 2000, SSA issued over \$5 billion in SSI payments to blind and disabled children. As of December 2000, there were approximately 844,000 blind or disabled children receiving Federal SSI payments.

Children with low birth weight are considered disabled until age one.<sup>2</sup> Provided the other eligibility requirements for SSI are met, low birth weight children are eligible for monthly SSI payments.

CDRs are performed on SSI disabled child claims to determine whether the recipients continue to be disabled. SSA reported in its 2001 Annual Performance Plan that

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<sup>1</sup> Section 1614 of the Social Security Act, 42 U.S.C. §1382c (a)(1)(B)(3)(C)(i).

<sup>2</sup> A child is considered to have low birth weight if the child: 1) weighs less than 1,200 grams (2 pounds, 10 ounces); or 2) weighs at least 1,200 grams but less than 2,000 grams (4 pounds, 6 ½ ounces) and is considered small for his or her gestational age (POMS Section DI 25235.005).

"CDRs are one of the most effective mechanisms SSA has for determining whether...disability beneficiaries have medically improved and no longer meet the statutory definition of disability, and therefore should be terminated from the rolls."

SSA has been processing CDRs under a 7-year plan originally issued in August 1996 (and revised several times subsequently) that expanded the number of CDRs that would be conducted under the SSI program. SSA's strategic goal is "To ensure the integrity of Social Security programs, with zero tolerance for fraud and abuse." To accomplish this goal, SSA plans to become current with SSI CDR requirements by FY 2002.<sup>3</sup> To fund the cost of CDRs, Congress gave SSA special funding for FYs 1996 through 2002.<sup>4</sup> According to SSA's annual reports on CDRs for FYs 1998 through 2000, approximately 4.9 million CDRs were performed during this 3-year period at a cost of \$1.6 billion, resulting in an average cost of \$328 per CDR.

As of August 22, 1996, SSA was required under section 212 of Public Law (P.L.) 104-193—the Personal Responsibility and Work Opportunity Reconciliation Act—to perform a CDR not later than 12 months after the birth of a child whose low birth weight was a contributing factor material to the determination that the child was disabled.<sup>5</sup> Section 5522 of the Balanced Budget Act of 1997 (P.L. 105-33) amended this earlier provision on August 5, 1997 by permitting SSA to schedule a CDR for a low birth weight child at a date after the child's first birthday if SSA determines the impairment is not expected to improve by age one. SSA must review the disability of individuals whose conditions are likely to improve at least once every 3 years.<sup>6</sup>

When an individual's initial entitlement to SSI benefits is established, SSA sets a medical review (MR) diary date based on when medical improvement is likely to occur. Under SSA's current policy, the diaries for low birth weight children are set to mature on the child's first birthday if medical improvement is expected at that time. However, the diary date may be established for a later date, based on SSA's clinical judgment as to when medical improvement is likely to occur.<sup>7</sup> SSA reported in its 7-year plan for CDRs that a full medical review CDR takes approximately 12 months to complete. If the evidence obtained during the CDR indicates that a child's disability has ceased, then payments will stop.<sup>8</sup>

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<sup>3</sup> SSA considers itself "current" when all cases for which a review diary has come due have been released for processing and Agency resources are available to complete the cases in a timely fashion.

<sup>4</sup> Section 103 of Public Law 104-121, enacted on March 29, 1996, provided special funding for CDRs.

<sup>5</sup> A child's low birth weight is material to the finding of disability if SSA would not have found the child disabled had it not considered the child's low birth weight (POMS Section DI 25235.005).

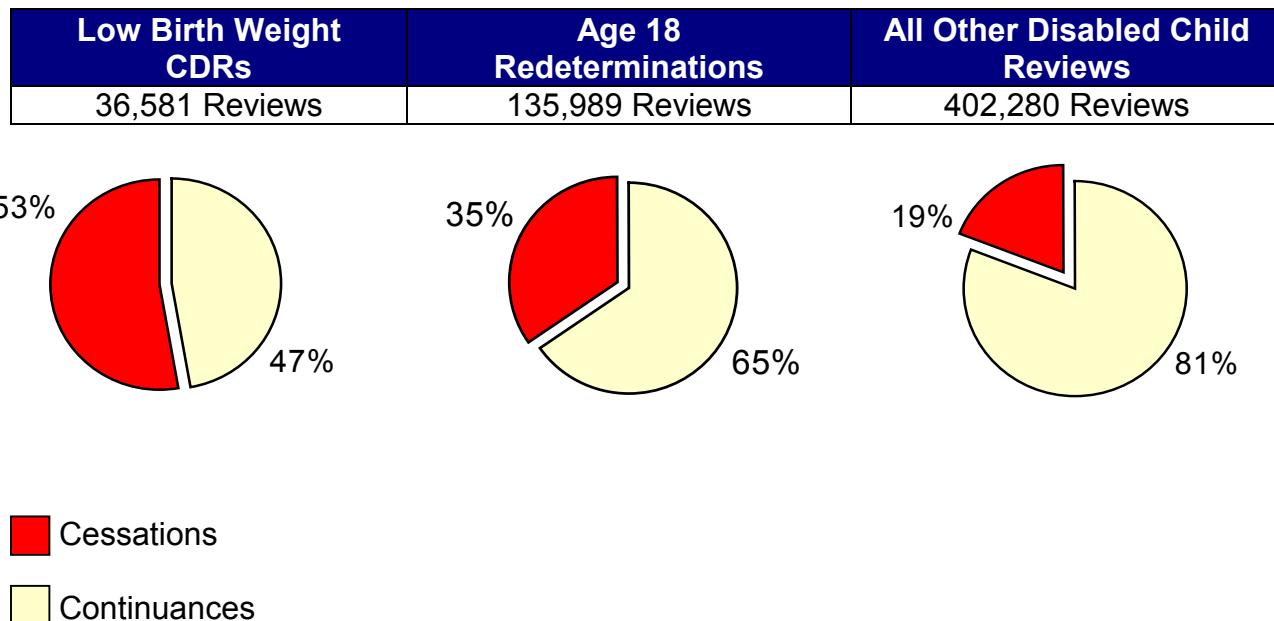
<sup>6</sup> Section 1614 of the Social Security Act, 42 U.S.C. §1382c (a)(1)(H)(ii)(I).

<sup>7</sup> POMS Section DI 25235.005.

<sup>8</sup> Provided the individual continues to meet the non-disability requirements for SSI, payments continue for 2 months after cessation. The recipient may appeal the decision within 60 days of the date he or she receives the notice stating that SSA has determined that the individual's disability has ceased.

Historically, low birth weight CDRs have resulted in the highest cessation rate of any group of SSI disabled child reviews. The following chart illustrates the results of SSI disabled child reviews performed during FYs 1998 through 2000.<sup>9</sup>

Figure I: Disabled Child Reviews Performed in FYs 1998 Through 2000<sup>10</sup>



## SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed sections of the Social Security Act and SSA's regulations, rules, policies and procedures pertaining to low birth weight CDRs.
- Obtained from SSA a file of all individuals whose claims for SSI disability payments were approved at the initial or reconsideration level in 1998 and 1999. From this file we identified 31,907 cases that were approved based on the recipients' low birth weight. We tested this file to ensure that all low birth weight cases were included. We selected a random sample of 200 cases from this population and projected our sample results to the population. (See Appendix A for details of our sampling methodology and results.)

<sup>9</sup> The results reported exclude 990 low birth weight cases; 6,226 age 18 cases; and 12,787 other disabled child cases for which appeals are pending.

<sup>10</sup> The 2001 SSI Annual Report is the source of the data in Figure 1.

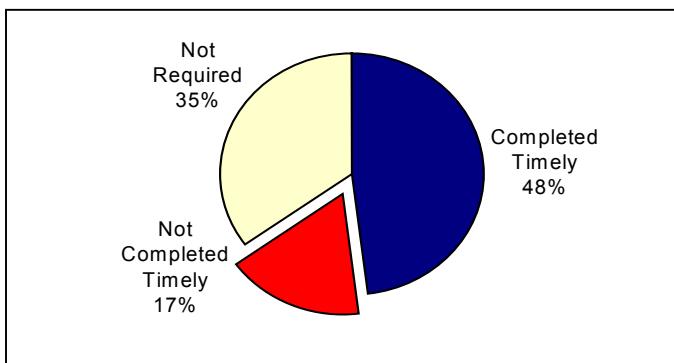
- Determined for each sampled case whether a CDR was required, and if so, whether the CDR was completed timely. Specifically, we:
  1. Determined whether the recipient was entitled to a SSI payment after the first anniversary of the MR diary date. We reviewed the Supplemental Security Record (SSR) for each case to determine which recipients in our sample met this requirement.
  2. Researched SSA's electronic information systems, including the National Disability Determination Services System (NDDSS) and the Continuing Disability Review Control File (CDRCF), for evidence that a CDR was performed.
  3. Determined whether a CDR was completed no later than 12 months after the individual's MR diary date. In addition, we also determined which cases in our sample had CDRs that were completed within 12 months of the date initiated. We contacted FO staff for cases where electronic information appeared to indicate that CDRs were not completed and more than 12 months had elapsed since the MR diary date. If a CDR was required, but not completed timely, we calculated the amount of SSI payments due the recipient between the date the individual's MR diary matured and the date the CDR was completed or the date we reviewed the case—whichever occurred first.

We performed our audit in Boston, Massachusetts between October 2001 and January 2002. The entity audited was the Office of Disability under the Deputy Commissioner for Disability and Income Security Programs. We conducted our audit in accordance with generally accepted government auditing standards.

# Results of Review

SSA did not conduct CDRs in a timely manner for 17 percent of our sample of children whose SSI claims were approved based on low birth weight in 1998 and 1999. Projecting the results of our sample to the population, we estimate that at least 4,078 out of 31,907 low birth weight cases approved in 1998 and 1999 did not have CDRs completed timely. Had these CDRs been performed timely, we estimate that SSA might have avoided paying at least \$4 million in SSI funds.<sup>11</sup>

Figure II: Sample Results



Our review of 200 cases found:

- CDRs were not completed timely for 34 cases (17 percent);
- CDRs were completed timely for 96 cases (48 percent); and
- CDRs were not required for 70 cases (35 percent).<sup>12</sup>

## LOW BIRTH WEIGHT CDRs NOT COMPLETED TIMELY

We identified 34 of 200 sample cases in which CDRs were not completed within 12 months of the MR diary dates. Had these specific CDRs been completed timely, SSA would likely have avoided paying at least \$51,297 in SSI funds. Specifically, we found that:

- For 12 cases, CDRs were completed more than 12 months after the MR diaries matured. These CDRs were completed, on average, 14 months after the MR diaries matured and 16 months after the CDRs were initiated. Nine of these cases resulted in determinations that the individuals' disabilities had ceased. For six of these cessations, the 60-day appeal period had ended as of November 30, 2001 and the cessation decisions were final. If these CDRs had been completed timely, SSA

<sup>11</sup> Savings calculations throughout this section of the report include payments made after the first anniversary of the MR diary. Also, we adjusted our dollar savings to reflect the 53 percent low birth weight cessation rate (see the Introduction section of this report). For a detailed discussion of our savings calculations, see Appendix A.

<sup>12</sup> This includes one case where we were unable to locate the individual's Social Security number (SSN). Our data extract showed the claim had an internally-assigned number because the child had not yet been assigned his own SSN.

might have saved at least \$8,656 in SSI funds.<sup>13</sup> For three cases, the CDR decisions were cessations, but the recipients remained in their appeal periods as of November 30, 2001. If these CDRs had been completed timely, SSA might have saved at least \$3,243.

- For 18 cases, CDRs had been initiated but remained pending as of November 30, 2001, and more than 12 months had elapsed since the MR diaries matured. On average, 21 months had elapsed since the MR diaries matured and 18 months had elapsed since the CDRs were initiated. If these CDRs had been completed timely, SSA might have saved at least \$35,287.
- For two cases, CDRs had not been initiated as of November 30, 2001 and more than 12 months had elapsed since the MR diaries matured. On average, 18 months had elapsed since the MR diaries matured. If these CDRs had been completed timely, SSA might have saved at least \$2,814.
- For two cases, CDRs were initiated but the individuals subsequently became ineligible because they no longer met the non-medical requirements for SSI eligibility. On average, 16 months elapsed between the dates the MR diaries matured and the dates that payments stopped. Had the CDRs been performed within 12 months of the MR diaries, SSA might have saved at least \$1,297.

## **LOW BIRTH WEIGHT CDRs COMPLETED TIMELY**

SSA processed CDRs timely in 48 percent of our sample cases. For 96 cases, CDRs were completed no later than 12 months after the MR diary dates. On average, these CDRs were initiated less than 3 months before the individuals' MR diaries matured. The average processing time from initiation to completion was less than 7 months.

## **LOW BIRTH WEIGHT CDRs NOT REQUIRED**

We identified 70 cases in which CDRs were not required for one of the following reasons:

- As of November 30, 2001, 12 months had not elapsed since the MR diary matured; or
- The individual did not meet the non-medical eligibility requirements for SSI and payments were stopped before a CDR was due.

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<sup>13</sup> Because SSA has determined that the individual's disability had ceased, we assumed that SSA would have made the same determination had the review been completed within 12 months of the date that medical improvement was expected. Our estimates in Appendix A presume no change in other SSI eligibility factors during the relevant periods.

## **LOW BIRTH WEIGHT CDR SELECTION AND FOLLOW-UP PROCESS COULD BE IMPROVED**

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### ***SSA Does Not Use the Medical Review Diary Date to Select Low Birth Weight CDRs***

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candidates in a timely manner without imposing undo additional demands on [its] limited resources.”

A low birth weight case approved at the initial or reconsideration level is selected during this semi-annual process, provided:

- The recipient is currently receiving payments;
- SSA decided that the child was eligible to receive SSI payments before the child attained age two;
- It has been at least 4 months (but less than 42 months) since SSA decided that the child was eligible to receive SSI payments; and
- A CDR has not already been initiated or completed.

Six months after a case is selected for a CDR, a follow-up alert is issued if the CDR has not been completed. Follow-up alerts continue to be generated to the appropriate office every 3 months until the CDR is either completed or closed.

SSA considers a CDR to be completed timely if it is completed within 1 year of the date it was initiated. However, we interpret P.L. 105-33 to require SSA to perform low birth weight CDRs when medical improvement is expected—be it at age one or later—as appropriate for each individual case.<sup>14</sup> SSA can better meet this requirement if it considers the date that medical improvement is expected when selecting cases for CDRs.<sup>15</sup> SSA acknowledged in a prior Office of the Inspector General (OIG) report that

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<sup>14</sup> P.L. 105-33, section 5522, states that the requirement that a CDR be performed by age one, as prescribed by P.L. 104-193, “...shall not apply in the case of an individual...who, at the time of the individual’s initial disability determination, the Commissioner determines has an impairment that is not expected to improve within 12 months after the birth of that individual, and who the Commissioner schedules for a continuing disability review at a date that is after the individual attains 1 year of age.”

<sup>15</sup> Although we believe a CDR is timely if completed no later than 12 months after the MR diary date, we also analyzed our sample cases to determine whether CDRs were completed within 12 months of the dates they were initiated. This analysis showed that 36 CDRs were not completed within 1 year of initiation, 92 were completed within 1 year of initiation, and, for the remaining 72 cases, CDRs were not required.

the diary date alerts the Agency to the need for a CDR.<sup>16</sup> For this reason, and because SSA estimates that a CDR takes approximately 1 year to complete, we considered a CDR to have been performed timely if completed no later than 12 months after the MR diary date.

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***CDRs Selected Too Late***

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Between October 1998 and November 2001, SSA selected low birth weight CDRs on seven occasions. The intervals between the selection dates ranged from 2 to 9 months. Because SSI entitlement is calculated based on an individual's income, resources, and living arrangements on a month-to-month basis, it is not uncommon for individuals to frequently fluctuate between SSI eligibility and ineligibility. SSA's current selection process only includes cases receiving payments at the time the selection is made. It is possible that an individual may be ineligible for SSI payments on the date the selection is made, begin receiving payments again in the following month, and miss being selected for a CDR when, in fact, a CDR is needed. For example, the MR diary date matured for one case in our sample on March 1, 2000. However, because the individual was ineligible for a payment in March 2000, the case was not selected for a CDR in the March 24, 2000 selection process. The individual again became eligible for payments beginning with April 2000. It was not until the November 1, 2000 selection process that the case was selected for a CDR—8 months after medical improvement was expected to occur.

Out of the 143 cases in our sample for which CDRs were initiated, 49 were initiated after the date SSA expected medical improvement to occur (34 percent). The latest a CDR was initiated for a case in our sample was 938 days (or approximately 2.5 years) after the date SSA initially expected medical improvement to occur.

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***CDRs Conducted Too Early Affect Administrative Costs***

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The current low birth weight CDR selection process does not consider when medical improvement is expected. This results in cases being selected for CDR development before medical improvement is expected to occur. Ten of the 143 cases in which CDRs were initiated (7 percent) were selected for CDRs more than 12 months before the MR diaries matured.<sup>17</sup> In these cases, SSA would not be able to gather evidence relevant to the date that it believes medical improvement will occur and still complete the CDRs within its processing time goal of 12 months from initiation.

The following are some examples of cases in which the CDRs were initiated too early:

- One case was selected for a CDR when the recipient was 5 months old. Because the Disability Determination Services (DDS) needs evidence relevant to

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<sup>16</sup> "Review of the Effectiveness of SSA's Low Birth Weight Baby Program" (CIN: A-04-95-06015), July 1997.

<sup>17</sup> By comparison, SSA allows the FOs to delay development of CDRs on adult disability cases when the MR diaries have not matured (and will not mature within the next 3 months) and there are no other reasons to do the CDRs (POMS Section DI 13005.020 E. 2).

the child's condition at age one, the DDS did not perform a CDR in this case and returned it to the FO. The case was originally selected for a CDR on October 28, 1998. Since its selection—over 3 years ago—follow-up alerts were periodically issued, but the CDR was not performed. The FO confirmed that the case was not properly controlled and began developing the CDR upon our inquiry. The recipient received \$8,960 in SSI payments from the first anniversary of the MR diary date through December 1, 2001.

- In another case, the individual's MR diary matured in November 2001. However, SSA selected the CDR in June 1999 and completed the review in July 2000. Based on the CDR, SSA found that the child was still disabled and payments continued. We believe SSA could have saved resources by not performing the CDR at that time. The Agency had initially determined that the individual's medical condition would most likely not improve before November 2001 and, therefore, had no reason to believe that performing a CDR earlier than November 2001 would result in a cessation.
- In three additional cases, CDRs were initiated and developed before medical improvement was expected. Subsequently, the recipients were removed from the SSI rolls because they no longer met the non-medical eligibility requirements, and payments were stopped. Had SSA waited to initiate the CDRs until medical improvement was expected, the Agency would not have needed to perform the CDRs nor incurred the associated administrative costs.

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***Follow-Up Alerts  
Issued to Field  
Offices***

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Follow-up alerts, issued on cases that were selected for CDRs but for which CDRs have not yet been completed, do not appear to be effective. For nine cases in our sample, the FO acknowledged that they did not actually begin developing the CDRs until considerable time had elapsed since the dates the cases were initially selected for CDRs. Of these nine cases, the earliest the FO actually began developing the CDR was 8 months after the selection date. The latest was over 30 months after the case was originally selected for a CDR.

For example, one of these nine cases was selected for a CDR on June 7, 1999. Eight follow-up alerts issued since December 1999 were unsuccessful in prompting the FO to initiate the CDR. As a result of our inquiry, the FO located the case in its closed files and initiated the CDR on November 30, 2001—approximately 30 months after it was originally selected for a CDR.

SSA considers itself "current" with regard to CDRs if all cases for which review diaries have come due have been released for processing, and Agency resources are available to process the CDRs in a timely fashion. As stated earlier, SSA considers a CDR to be timely if performed within 12 months of the date it was selected. Using these criteria, SSA may consider itself current with respect to these nine cases, even though no work was actually performed to develop the CDRs for an average period of 20 months after the selection dates.

# *Conclusions and Recommendations*

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SSA did not conduct CDRs in a timely manner for some children whose SSI claims were approved based on low birth weight in 1998 and 1999. We believe that SSA should ensure that all low birth weight cases requiring CDRs are selected 3 months prior to the date that medical improvement is expected, and that the CDRs are completed in a timely manner. Under this method, low birth weight CDRs would be completed no later than 9 months after medical improvement is expected. Also, all cases in which the recipients' disabilities have improved will be identified and the recipients will be removed from the rolls in a more timely fashion.

To improve SSA's low birth weight CDR selection and monitoring processes, we recommend that SSA:

1. Identify low birth weight cases requiring CDRs each month instead of the current semi-annual selection process.
2. Include, in each month's selection, cases in which the MR diary matures 3 months after the month of CDR selection.
3. Discontinue screening out cases in which the recipients are not currently receiving payments when the initial CDR selection is made.
4. Improve the CDR follow-up alert process so that successive alerts are generated to higher levels of management at designated times.

## **AGENCY COMMENTS**

In response to our draft report, SSA agreed in principle with our recommendations. Specifically, SSA agreed to select low birth weight cases for CDRs on a monthly basis beginning 3 months prior to the month the MR diary matures. SSA also agreed to develop a paperless process to follow-up on CDRs not processed timely.

With regard to recommendation 3, SSA asserts that implementing recommendations 1 and 2 will also address our third issue—since cases that were not selected based on payment ineligibility will be reexamined each month and released for CDR development if the recipients begin receiving payments again. (See Appendix B for SSA's comments.)

## **OIG RESPONSE**

We concur with SSA that recommendation 3 will not be needed once the Agency begins selecting low birth weight cases for CDRs on a monthly basis.

# *Other Matters*

## **POTENTIAL SAVINGS TO THE MEDICAID PROGRAM**

The Medicaid program provides medical assistance to certain individuals. The costs of the Medicaid program are shared between the Federal and State governments.

Generally, SSI recipients are eligible for Medicaid. A State may either use SSI eligibility criteria for determining Medicaid eligibility, or use its own criteria (with certain restrictions). Thirty-nine States, the District of Columbia, and the Northern Mariana Islands use SSI criteria as a basis for determining Medicaid eligibility, and 11 States use their own criteria.

States may enter into agreements for SSA to make Medicaid eligibility determinations on their behalf as long as the eligibility requirements of the State's Medicaid plans are the same as those for the SSI program. Under these agreements, SSA determines only when an individual is eligible for Medicaid—SSA does not determine Medicaid ineligibility. SSA has Medicaid determination agreements with 33 States.

There were 31 cases in our sample in which CDRs were not completed timely.<sup>18</sup> Twenty-two of these individuals resided in States in which SSA makes Medicaid eligibility determinations. SSA determined that these 22 individuals were eligible for Medicaid for an average period of 7 months after the first anniversary of the MR diaries. Had timely CDRs been completed for these 22 cases, we estimate that 53 percent would have resulted in cessations. Therefore, SSA would not have determined that these individuals were eligible for Medicaid for a total of 77 months.<sup>19</sup>

In its annual report on CDRs, SSA reports the estimated Federal program savings based on the CDRs performed which result in cessations. Specifically, SSA estimated that the CDRs performed in FYs 1998 through 2000 that resulted in cessations would save the Medicaid program \$2.2 billion over the next 10 years. Approximately \$181.1 million of the estimated savings resulted from the 37,571 CDRs<sup>20</sup> performed on low birth weight cases.<sup>21</sup> We believe additional savings to the Medicaid program may be achieved if low birth weight CDRs are performed in a more timely manner. When

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<sup>18</sup> This excludes 3 cases for which CDRs were completed after the first anniversary of the MR diary, but SSA determined, based on the CDRs, that the individuals continued to be disabled.

<sup>19</sup> Because SSA does not terminate Medicaid eligibility, we could not conclude whether these individuals would otherwise have been eligible for Medicaid under other State provisions.

<sup>20</sup> This figure includes 990 cases for which the initial CDR decisions were cessations, but currently have appeals pending.

<sup>21</sup> Our analysis showed that 8.23 percent of the CDRs resulting in initial cessation decisions from 1998 to 2000 were low birth weight cases. Therefore, we estimate that 8.23 percent of the estimated savings to the Medicaid program (\$2.2 billion) resulting from cessations is attributable to low birth weight cases.

CDRs are not performed timely, individuals whose disabilities have improved, and who reside in a State which uses SSI criteria to determine Medicaid eligibility, may continue to receive Medicaid benefits for which they would not otherwise be eligible.

# *Appendices*

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## **Appendix A**

### **Sampling Methodology and Results**

From the Social Security Administration, we obtained a file of all individuals whose claims for Supplemental Security Income (SSI) disability payments were approved in 1998 and 1999.<sup>1</sup> From this file, we identified 31,907 cases approved based on the recipients' low birth weight. We selected a random sample of 200 cases from this population. We estimate that at least \$4.0 million in SSI funds may have been avoided had continuing disability reviews (CDRs) been performed timely.<sup>2</sup>

**Table I: Sample Results and Attribute Projection**

Population size	31,907
Sample size	200
Sampled cases where CDRs were required but were not completed within 12 months of the medical review (MR) diary dates	34
Projection of cases in the population for which CDRs were not completed within 12 months of the MR diary dates	5,424
Projection lower limit	4,078
Projection upper limit	7,009

Note: All projections are at the 90-percent confidence level.

### **SAVINGS CALCULATIONS**

Based on the SSI Annual Report, 53 percent of CDRs performed on low birth weight cases in Fiscal Years 1998 through 2000—for which final decisions have been made—resulted in cessations (see Introduction section of this report).<sup>3</sup> Therefore, we estimate that 53 percent of the cases in our sample for which final CDR decisions had not been made as of November 30, 2001 will result in cessations. For this reason, we considered only 53 percent of the payments made to these individuals after the first anniversary of the MR diary dates in our savings calculations. For cases in which final cessation decisions have been made, we considered 100 percent of the payments made after the first anniversary of the MR diary dates in our savings calculations (see table II).

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<sup>1</sup> The population consists of low birth weight cases approved at the initial or reconsideration levels from January 1998 through December 1999. It does not include cases approved at the hearing level or above.

<sup>2</sup> This estimate is the sum of the lower limit projections of SSI savings that would have resulted from CDRs had they been performed timely for cases in which final decisions were cessations, and for cases in which final decisions are pending (see table II).

<sup>3</sup> A CDR decision is final if the decision has been made and is no longer subject to appeal.

**Table II: Projection of SSI Payments Made to Low Birth Weight Cases For Which CDRs Were Not Performed Timely<sup>4</sup>**

<b>Cases in Which CDR Decisions Are Final (6 Sample Cases)</b>	
SSI payments made to 6 individuals in our sample for which CDRs were not completed within 12 months of the MR diary dates and the CDRs resulted in cessations	\$8,656
Projection of SSI payments that may have been avoided had CDRs been completed within 12 months of the MR diary dates	\$1,380,951
Projection lower limit	\$182,174
Projection upper limit	\$2,579,728
<b>Cases in Which Final CDR Decisions Are Pending (23 Sample Cases)</b>	
SSI payments made to 23 individuals in our sample for which CDRs were not completed within 12 months of the MR diary dates and final CDR decisions are pending (reduced by 47 percent) <sup>5</sup>	\$42,641
Projection of SSI payments that may have been avoided had CDRs been completed within 12 months of the MR diary dates	\$6,802,777
Projection lower limit	\$3,859,588
Projection upper limit	\$9,745,966

Note: All projections are at the 90-percent confidence level.

<sup>4</sup> Of the 34 cases in our sample for which CDRs were not performed timely, 5 had no effect on our savings calculations and are not considered in our projections. Savings calculations include all payments made after the first anniversary of the MR diary, less 2 months (since these payments would have been made even if the CDR were processed timely and the decision was a cessation).

<sup>5</sup> The total payments made to these recipients after the MR diary anniversary—before the 47 percent reduction—were \$80,455.

## ***Appendix B***

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### **Agency Comments**



## SOCIAL SECURITY

MEMORANDUM

321067-24-819

Date: June 14, 2002 Refer To: S1J-3

To: James G. Huse, Jr.  
Inspector General

From: Larry Dye /s/  
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Continuing Disability Reviews for Supplemental Security Income Recipients Approved Based on Low Birth Weight" (A-01-02-12031)—INFORMATION

We appreciate the OIG's efforts in conducting this review. Our comments on the report are attached. Staff questions may be referred to Odessa J. Woods at extension 50378.

Attachment:  
SSA Response

**COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON THE  
OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "CONTINUING  
DISABILITY REVIEWS FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS  
APPROVED BASED ON LOW BIRTH WEIGHT"**  
**(A-01-02-12031)**

Thank you for the opportunity to review the subject draft report. We offer the following comments.

**Recommendation 1**

Identify low birth weight (LBW) cases requiring Continuing Disability Reviews (CDR) each month instead of the current semi-annual selection process.

**SSA Comment**

We agree. The total number of LBW cases is much smaller than age 18 childhood and adult CDRs, therefore the monthly selections will be of a low volume. Receiving these cases on a flow basis will allow for better field office controls and processing.

We will include the LBW CDRs as part of the Automated Direct Release (ADR) CDR System where cases are selected monthly and are available for selection beginning 3 months prior to the month the medical re-exam diary matures.

**Recommendation 2**

Include, in each month's selection, cases in which the medical review diaries mature 3 months after the month of CDR selection.

**SSA Comment**

See response to Recommendation 1.

**Recommendation 3**

Discontinue screening out cases in which the recipients are not currently receiving payments when the initial CDR selection is made.

### **SSA Comment**

We believe that by agreeing to Recommendation 1 above, continued screening will not be detrimental to the integrity of the program and will result in administrative savings that can be better applied elsewhere. We continue to believe it would not be productive to initiate a CDR for an individual unless he/she is currently receiving disability benefits. Although we agree this may have been of some concern based on our 6-month release schedule, once we move these LBW cases to the ADR, they will be reexamined each month, and if in pay status, will be released. Our CDR selection process requires cases to be screened from initiation unless the beneficiary is in current pay status. This is done to limit the initiation of non-productive actions. As noted, each time a selection is made, all potential candidates are rechecked to determine their current status, and if in pay status, are released for CDR.

### **Recommendation 4**

Improve the CDR follow-up alert process so that successive alerts are generated to higher levels of management at designated times.

### **SSA Comment**

We agree that the CDR follow-up process should be improved. We are planning to develop a paperless process that will produce management information data and the systems support that will allow all operational components to identify CDRs that are not processed timely.

## **Appendix C**

# **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Rona Rustigian, Director, Northern Audit Division, (617) 565-1819

Judith Oliveira, Deputy Director, (617) 565-1765

### ***Staff Acknowledgments***

In addition to those named above:

Jeffrey Brown, Auditor

Kevin Joyce, Auditor

David Mazzola, Auditor

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### **Office of Audit**

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

### **Office of Executive Operations**

The Office of Executive Operations (OEO) provides four functions for the Office of the Inspector General (OIG) – administrative support, strategic planning, quality assurance, and public affairs. OEO supports the OIG components by providing information resources management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this Office coordinates and is responsible for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. The quality assurance division performs internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency. This division also conducts employee investigations within OIG. The public affairs team communicates OIG's planned and current activities and the results to the Commissioner and Congress, as well as other entities.

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The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

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The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.