



SOCIAL SECURITY

September 4, 2009

The Honorable John S. Tanner
Chairman
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

Dear Mr. Tanner:

During testimony on September 16, 2008 before your Subcommittee, the issue of how the Social Security Administration's claims process impacts disabled beneficiaries' lives was raised. Therefore, we initiated a review, and the enclosed report summarizes the results.

To ensure the Social Security Administration is aware of the information provided to your office, we are forwarding a copy of this report to the Agency. If you have any questions concerning this matter, please call me or have your staff contact Wade Walters, Assistant Inspector General for External Relations, at (202) 358-6319.

Sincerely,



Patrick P. O'Carroll, Jr.
Inspector General

Enclosure

cc:
Michael J. Astrue

CONGRESSIONAL RESPONSE REPORT

Impact of the Social Security Administration's Claims Process on Disability Beneficiaries

A-01-09-29084



September 2009

Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, 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

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.

Background

OBJECTIVE

The objective of our review was to determine whether the wait for benefits impacted the disability beneficiaries' finances, access to medical care, and relationships.

BACKGROUND

The Social Security Administration (SSA) provides Disability Insurance and Supplemental Security Income disability benefits to eligible individuals under Titles II and XVI of the *Social Security Act*. An individual is considered to be disabled under SSA's regulations if he or she is unable to engage in substantial gainful activity¹ by reason of a medically determinable physical or mental impairment that can be expected to result in death or has lasted, or can be expected to last, for a continuous period of not less than 12 months.²

To receive disability benefits, an individual must first file an application with SSA. An SSA field office then determines whether the individual meets the non-disability criteria for benefits,³ and if so, forwards the claim to a State disability determination services (DDS) for a disability determination. Once the DDS makes a determination, it sends the claim back to an SSA field office for final processing⁴ or to the Disability Quality Branch for review before final processing.⁵

If the applicant disagrees with the initial disability determination, he or she can file an appeal within 60 days from the date he or she is notified of the determination. Generally, an individual can file up to four levels of appeal, including a

¹ 20 C.F.R. §§ 404.1572 and 416.972: Substantial gainful activity means the performance of significant physical and/or mental activities in work for pay or profit, or in work of a type generally performed for pay or profit. As of 2009, "countable earnings" of employees indicate substantial gainful activity and "countable income" of the self-employed is "substantial" if the amount averages more than \$980 per month for non-blind individuals or \$1,640 for blind individuals, SSA, Program Operations Manual System (POMS), DI 10501.001 and 10501.015 B and C.

² The *Social Security Act*, Title II, § 223(d)(1)(A), 42 U.S.C. § 423 (d)(1)(A) and Title 16, § 1614(a)(3)(A), 42 U.S.C. § 1382c(a)(3)(A). See also, 20 C.F.R. §§ 404.1520 and 416.920.

³ For Disability Insurance benefits, the non-disability criteria include such factors as sufficient earnings, while for Supplemental Security Income payments, the non-disability criteria include such factors as low income and resources.

⁴ If the field office cannot process the claim or partially processes the claim (that is, initiates payment but does not issue any back payments), then it will send the claim to the Payment Service Center for final processing.

⁵ The Disability Quality Branch selects half the DDS' allowances and a statistically valid sample of DDS' denials. A Federal quality reviewer reviews each sample case to determine whether the record supports the determination and whether the evidence and determination conform to SSA's policies and procedures.

(1) reconsideration by the DDS, (2) hearing by an administrative law judge (ALJ), (3) review by the Appeals Council (AC), and (4) review by the Federal courts.⁶

Over the past several years, SSA has developed a number of initiatives to expedite its disability claims process, including the following.

- Plan to Eliminate the Hearing Backlog and Prevent Its Recurrence
- Quick Disability Determinations
- Compassionate Allowances
- Terminal Illness Cases
- Military Service Casualty Cases
- Presumptive Disability and Blindness Cases
- Electronic Health Records
- Recovery Act Initiatives

See Appendix B for more information on these initiatives.

At a congressional hearing on September 16, 2008, the U.S. House of Representatives Committee on Ways and Means, Subcommittee on Social Security, questioned how SSA's claims process impacts disabled beneficiaries.⁷ Additionally, the media has been reporting on the hardships claimants face while waiting for SSA to process their disability claims. Therefore, we initiated this review.

To perform our review, we identified individuals whom SSA found disabled in Fiscal Year 2008 and were receiving benefits as of March 2009. Through further analysis, we identified

- 367,465 individuals who received determinations from the DDS at either the initial level—for claims that took longer than average⁸—or the reconsideration level;
- 282,701 individuals who received decisions from an ALJ at the hearing level; and
- 961 individuals who received decisions from the AC or Federal court.

⁶ See Appendix C for a description of the roles each component plays in the disability claims process. The reconsideration step of the appeals process is eliminated for DDSs participating in the Disability Redesign Prototype (Alabama, Alaska, California—Los Angeles North and Los Angeles West Branches, Colorado, Louisiana, Michigan, Missouri, New Hampshire, New York, and Pennsylvania).

⁷ A transcript of this hearing can be found at <http://waysandmeans.house.gov/hearings.asp?formmode=printfriendly&id=7846>.

⁸ We determined that a claim took longer than average to process if the difference between the date of application and the date of completion exceeded the average initial disability processing time. In FY 2008, the average processing time for initial disability claims was 106 days. SSA, *FY 2008 Performance and Accountability Report*, p. 46, November 2008.

We then randomly selected 250 sample cases from each of the first 2 populations and 50 cases from the last population—for a total of 550 cases. We attempted to contact each beneficiary (or representative payee)⁹ to discuss his or her experiences—regarding finances, access to medical care, and relationships—while waiting for SSA to make a decision on his or her disability claim. (See Appendix D for more information on our scope, methodology, and sample results.)

⁹ Some individuals cannot manage or direct the management of their finances because of their age, mental, or physical impairments. For such individuals, Congress provided for payment to be made through representative payees who receive and manage the benefit payments for these beneficiaries and recipients. The Social Security Act §§ 205(j) and 1631(a)(2), 42 U.S.C. §§ 405(j) and 1383(a)(2).

Results of Review

Most of the participants believed their wait for benefits impacted at least one aspect of their lives, such as their finances, access to medical care, or relationships.¹⁰ Further, the more levels of adjudication these individuals went through, the more often they believed this. Table 1 shows the participants by level of adjudication at which they were allowed disability benefits, and Table 2 shows the number of beneficiaries impacted by the wait for benefits.

Table 1: Beneficiaries Who Participated in Our Review

Adjudication Level	Sample	Participants
DDS	250	191 (76%)
ALJ	250	195 (78%)
AC/Federal Court	50	38 (76%)
Total	550	424 (77%)¹¹

Table 2: Beneficiaries Impacted by Wait for Benefits

Adjudication Level	Participants	Beneficiaries Impacted	Aspect of Life Impacted		
			Finances	Access to Medical Care	Relationships
DDS	191	157	142	48	57
ALJ	195	174	163	62	97
AC/Federal Court	38	37	35	17	25
Total	424	368¹²	340	127	179

¹⁰ For our sample cases, the average waiting time from date of application to date of completion was 176 days for the initial DDS cases, ranging from 107 days to almost 2 years; 308 days for reconsidered DDS cases, ranging from 124 days to almost 2 years; over 2 years for the ALJ cases, ranging from 122 days to almost 5 years; over 3 years for the AC cases, ranging from over 1 year to almost 6 years; and about 6 years to process the Federal court cases, ranging from over 3 years to over 13 years. Some of this time includes time over which SSA has no control, such as mail time, time to request an appeal, and time for the Federal court to review a case and render a decision. If the beneficiary had a representative payee, we spoke to the payee.

¹¹ Of the 424 participants, 293 received Disability Insurance payments, 100 received Supplemental Security Income payments, and 31 received both types of payments.

¹² Since the wait for benefits impacted the lives of some beneficiaries in more than one way, the number of beneficiaries in the last 3 categories of Table 2 do not total to 368 beneficiaries.

Of the remaining 126 individuals in our sample, 117 could not be contacted,¹³ 6 informed us they did not want to participate in our review, 2 were never allowed disability benefits,¹⁴ and 1 was allowed disability benefits before Calendar Year 2008.

IMPACT OF WAIT FOR BENEFITS ON FINANCES

Of the 424 disability beneficiaries who participated in our review,

- 340 said the wait for benefits impacted their finances,
- 51 said the wait did not impact their finances, and
- 33 did not mention the wait's impact on their finances.

FINANCES IMPACTED BY WAIT FOR BENEFITS

For the 340 beneficiaries who indicated their wait for benefits impacted their finances, the more levels of adjudication these individuals went through, the more often they said this (Table 3).

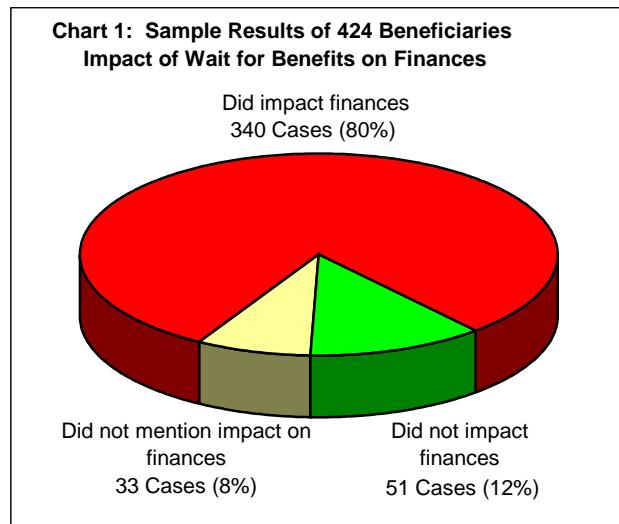


Table 3: Beneficiaries Whose Finances Were Impacted by Wait for Benefits

Adjudication Level	Participants	Impacted	
DDS	191	142	74%
ALJ	195	163	84%
AC/Federal Court	38	35	92%
Total	424	340	80%

¹³ We determined a beneficiary could not be contacted if we were unable to reach him or her after mailing two letters and making up to three telephone calls. When this happened, we informed SSA.

¹⁴ In these two cases, the DDS determined that the individuals were medically disabled, but the field office determined that they did not meet all the non-medical criteria. These individuals were receiving retirement or widow's benefits at the time of our review.

These beneficiaries indicated that, at some point while waiting for benefits, they had no income or insufficient income¹⁵ to meet their living (food, clothing, and shelter) and/or medical expenses. To meet these expenses, most of the beneficiaries told us they took certain measures (Table 4) that generally caused them to go through difficult experiences.

Table 4: Measures Taken by Beneficiaries While Waiting for Benefits	Number of Beneficiaries¹⁶
Obtained assistance from friends, family, and charities	231
Accrued debt	141
Used savings	65
Continued or returned to work	13
Sold personal belongings (such as a car or boat)	11

Obtained Assistance from Friends, Family and Charities

In 231 of the 340 cases, the beneficiaries obtained assistance from friends, family, and/or charities at some point while waiting for benefits. This assistance included cash as well as free food, clothing, shelter, and medical care. For example, a woman from Virginia applied for disability benefits in November 2006 because of heart problems, diabetes, and depression. The DDS denied her claim. She then requested a reconsideration, which the DDS also denied. Next, she requested a hearing by an ALJ, who allowed her claim in March 2008. According to the beneficiary, she received thousands of dollars from her sister to help pay for her food, mortgage, and electric bills during this time. Additionally, the beneficiary told us that, to provide this assistance, her sister used all her savings, which made it difficult for her to pay her own bills.

In another example, a woman from Texas applied for disability benefits in May 2003 because of post-traumatic stress disorder, depression, asthma, and high blood pressure. The DDS (at both the initial and reconsideration levels) and an ALJ denied her claim. In February 2008, the AC allowed it. She informed us that while waiting for benefits, she had to move in with her pastor's family and accept clothes from church members.

¹⁵ These beneficiaries had one or more types of income such as public assistance, spouse's income, private/public disability benefits, earnings, Veterans Affairs benefits, and workers' compensation benefits.

¹⁶ Some beneficiaries had to take more than one measure while waiting for benefits. Therefore, the number of beneficiaries in Table 4 does not total 340 beneficiaries.

Accrued Debt

In 141 of the 340 cases, the beneficiaries informed us they accrued debt while waiting for their benefits. Of these beneficiaries,

- 32 owed money to financial institutions, such as banks and credit card companies;
- 6 owed money to disability insurance companies; and
- 111 fell behind on their bills for living and/or medical expenses¹⁷—causing 59 of them to go through difficult experiences (Table 5).

Table 5: Difficult Experiences by Beneficiaries While Waiting for Benefits	Number of Beneficiaries ¹⁸
Could no longer afford home or apartment	50
Lived in someone else's household for free	36
Became homeless	8
Filed for bankruptcy	6
Had utilities turned off	4

For example, a man from Oregon filed for disability benefits in August 2005 because of a back injury and diabetes. The DDS denied his claim (at both the initial and reconsideration levels), and in December 2007, an ALJ allowed it. According to the beneficiary, he fell behind on his mortgage and medical bills while waiting for benefits. As a result, he lost his house and had to declare bankruptcy.

In another example, a woman from Ohio applied for disability benefits in October 2005 because of a back disorder, anxiety, and migraines. The DDS denied her claim (at both the initial and reconsideration levels), and in September 2008, an ALJ allowed it. While waiting for benefits, she fell behind on her bills for living expenses and, as a result, became homeless. Some time later, her friends let her live in their camper for free.

According to the 141 beneficiaries we spoke with, once they began receiving their benefits, many began paying off their debts. Some of these individuals were still paying off their debts when we talked to them. For example, a man from Michigan filed for disability benefits in February 2005 because of diabetes and heart problems. The DDS denied his claim, and in July 2008, an ALJ allowed it. He told us that while waiting for benefits, he accrued credit card debt to pay for his living expenses and fell behind on his medical bills. After he received his benefits, he began paying off these debts. Nearly 1 year later, when we talked to him, he was still having difficulties paying off these debts and, as a result, collection agencies were calling him.

¹⁷ Some beneficiaries are in more than one category. Therefore, the number of beneficiaries in these categories does not total 141 beneficiaries.

¹⁸ Some beneficiaries went through more than one difficult experience while waiting for benefits. Therefore, the number of beneficiaries in Table 5 does not total 59 beneficiaries.

Used Savings

In 65 of the 340 cases, the beneficiaries informed us they spent some or all their savings while waiting for benefits—which they will likely never replace because of their disabling conditions. As a result, these individuals not only have less to live on now, they will also have less to live on in their retirement years. For example, a woman from Indiana applied for disability benefits in July 2007 because of an autoimmune disease, high blood pressure, and depression. The DDS denied her claim (at both the initial and reconsideration levels), and in March 2008, an ALJ allowed it. She informed us that while waiting for benefits, she spent the money she had in a 401K account to pay for her living expenses.

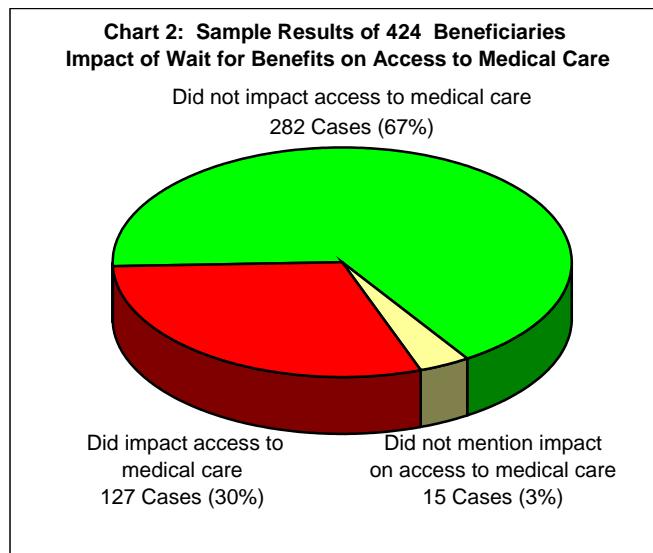
Continued or Returned to Work

In 13 of the 340 cases, the beneficiaries continued, or returned, to work earning less than the substantial gainful activity limit while waiting for benefits. For example, a woman from Massachusetts applied for disability benefits in May 2006 because of problems with her hand and ribs as well as a lung removal. The DDS denied her claim (at both the initial and reconsideration levels), and in January 2008, an ALJ allowed it. While waiting for benefits, she continued working to meet her living expenses—which caused her extreme pain because of her disabling condition.

IMPACT OF WAIT FOR BENEFITS ON ACCESS TO MEDICAL CARE

Of the 424 disability beneficiaries who participated in our review,

- 127 said the wait for benefits impacted their access to medical care;
- 282 said the wait did not impact their access to medical care;¹⁹ and
- 15 did not mention the wait's impact on their access to medical care.



¹⁹ While waiting for benefits, most of these individuals had health insurance coverage (such as Medicaid or private insurance through their spouses' employers), obtained free or low cost medical services, saw doctors who deferred payment for their services, and/or paid for their medical care with cash.

ACCESS TO MEDICAL CARE IMPACTED BY WAIT FOR BENEFITS

For the 127 beneficiaries who indicated their wait for benefits impacted their access to medical care, the more levels of adjudication these individuals went through, the more often they said this (Table 6).

Table 6: Beneficiaries Whose Access to Medical Care was Impacted by Wait for Benefits

Adjudication Level	Participants	Impacted	
DDS	191	48	25%
ALJ	195	62	32%
AC/Federal Court	38	17	45%
Total	424	127	30%

At some point while waiting for benefits, these beneficiaries could not afford all their necessary medical care, and as a result, they did not always obtain it. For example, a woman from Texas applied for disability benefits in April 2007 because of depression, back pain, and diabetes. The DDS denied her claim (at both the initial and reconsideration levels), and in July 2008, an ALJ allowed it. According to the beneficiary, during most of this time, she did not have health insurance and, therefore, could not obtain the medication she needed—which, in turn, caused her to develop kidney problems.

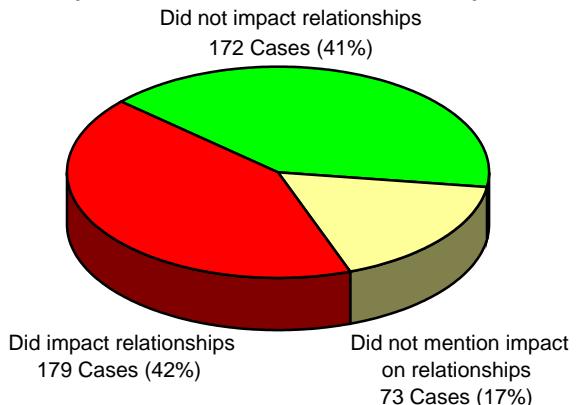
IMPACT OF WAIT FOR BENEFITS ON RELATIONSHIPS

Of the 424 disability beneficiaries who participated in our review,

- 179 said the wait for benefits impacted their relationships;
- 172 said the wait did not impact their relationships; and
- 73 did not mention the wait's impact on their relationships.

RELATIONSHIPS IMPACTED BY WAIT FOR BENEFITS

Chart 3: Sample Results of 424 Beneficiaries Impact of Wait for Benefits on Relationships



For the 179 beneficiaries who indicated their wait for benefits impacted their relationships, the more levels of adjudication these individuals went through, the more often they said this (Table 7).

Table 7: Beneficiaries Whose Relationships Were Impacted by Wait for Benefits

Adjudication Level	Participants	Impacted	
DDS	191	57	30%
ALJ	195	97	50%
AC/Federal Court	38	25	66%
Total	424	179	42%

For example, a man from Tennessee filed for disability benefits in December 2005 because of heart problems, high blood pressure, depression, and anxiety. The DDS denied his claim (at both the initial and reconsideration levels), and in April 2008, an ALJ allowed it. While waiting for benefits, he had no income. Eventually, his wife divorced him and his children stopped speaking to him. He believed this happened because of how long he had to wait for benefits. (See Appendix E for additional examples of our sample beneficiaries' experiences while waiting for their benefits.)

Conclusions

Our review provided an overview of how the wait for benefits impacted our sampled disability beneficiaries' finances, access to medical care, and relationships. Generally, the more levels of adjudication these individuals went through, the more they believed the wait impacted them. SSA is taking steps to improve the disability claims process so qualified individuals are approved more quickly.

Other Matters

A significant number of the beneficiaries we spoke with went out of their way to tell us the SSA staff provided good customer service. Specifically, 67 (16 percent) of the 424 beneficiaries we spoke with told us they had a good experience with SSA staff. For example, a woman from Georgia applied for disability benefits in March 2007 because of high blood pressure, arthritis, shortness of breath, mood swings, depression, and paranoid schizophrenia. The DDS denied her claim at the initial level but allowed it in December 2007 at the reconsideration level. While waiting for benefits, she was homeless and could not afford the medical care she needed. She stated she considered suicide but was able to get through this difficult time because the SSA employee who handled her case was very kind, patient, and helpful.

A portion of the beneficiaries we spoke with also mentioned that their wait for Medicare insurance had a significant impact on their lives. Specifically, 27 (6 percent) of the 424 beneficiaries told us they thought their wait for Medicare insurance was too long. In general, Medicare begins 24 months after an individual becomes entitled to disability benefits. Congress established the 24-month waiting period to, in part, minimize any overlap with private health insurance. Of these 27 beneficiaries, only 9 had private health insurance. The remaining 18 beneficiaries had government-funded health insurance, access to free or low-cost medical services, workers' compensation medical coverage, and/or no health insurance.

Appendices

APPENDIX A – Acronyms

APPENDIX B – The Social Security Administration’s Initiatives to Expedite the Disability Claims Process

APPENDIX C – The Social Security Disability Claims Process

APPENDIX D – Scope, Methodology, and Sample Results

APPENDIX E – Additional Examples of Sample Beneficiaries’ Experiences While Waiting for Benefits

Appendix A

Acronyms

AC	Appeals Council
ALJ	Administrative Law Judge
ARRA	<i>American Recovery and Reinvestment Act of 2009</i>
C.F.R.	Code of Federal Regulations
DDS	Disability Determination Services
MEGAHIT	Medical Evidence Gathering and Analysis through Health Information Technology
OIG	Office of the Inspector General
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SSA	Social Security Administration
U.S.C.	United States Code

The Social Security Administration's Initiatives to Expedite the Disability Claims Process

The Social Security Administration (SSA) has a number of initiatives to expedite the disability claims process, including a plan to eliminate the hearing backlog and prevent its recurrence, quick disability determinations, compassionate allowances, military service casualty cases, presumptive disability and blindness cases, terminal illness cases, electronic health records, and *American Recovery and Reinvestment Act of 2009* (ARRA)¹ initiatives.

Plan to Eliminate Hearing Backlog and Prevent Its Recurrence

In May 2007, the Commissioner testified before Congress that SSA had developed a plan to eliminate the backlog of hearing requests by 2013 and prevent its recurrence. The plan focuses on (1) compassionate allowances, (2) improving performance, (3) increasing adjudicatory capacity, and (4) increasing efficiency with automation and business processes. To improve performance, SSA is reducing its aged cases and providing certain attorney advisors the authority to make fully favorable decisions on cases—thus reserving administrative law judges to conduct hearings on more complex cases.²

Quick Disability Determinations

In February 2008, SSA implemented the Quick Disability Determination process, which uses a predictive model to electronically identify claims involving a high potential that the applicant is disabled, medical evidence can be quickly and easily obtained, and the claim can be processed within 20 calendar days of receipt in the disability determination services (DDS).³

¹ Pub. L. No. 111-5.

² SSA, Commissioner, Testimony before the Senate Finance Committee, May 23, 2007. We recently conducted a review, *Aged Claims at the Hearing Level* (A-12-08-18071), to assess the age of the pending claims in the hearings backlog, identify obstacles that prevented claims from being processed timely, and identify best practices that can assist in reducing the aged claim backlog.

³ 20 Code of Federal Regulations (C.F.R.) §§ 404.1619 and 416.1019. See also, SSA, Program Operations Manual System (POMS), DI 23022.010. In our May 2009 report, *National Rollout of Quick Disability Determinations* (A-01-09-19030), we found the initiative was working as SSA intended to expedite selected disability claims.

Compassionate Allowances

In October 2008, SSA implemented the Compassionate Allowance process, which quickly identifies claims electronically involving diseases and other medical conditions that invariably qualify under SSA's Listings⁴ based on minimal, but sufficient, objective medical information. Like the Quick Disability Determination process, this initiative uses a predictive model, but it is simpler—selecting claims for processing based solely on the applicant's allegation of having a disease or other medical condition listed in the Agency's list of Compassionate Allowance conditions.⁵

Terminal Illness Cases

SSA implemented procedures to ensure disability claims with an indication of terminal illness—either alleged by the claimant or a third party or indicated in medical records—are handled expeditiously because of their sensitivity. These cases may be identified by the teleservice center, field office, or DDS.⁶

Military Service Casualty Cases

The Military Service Casualty initiative is an SSA commitment to provide expedited disability claim services to wounded service members and their families. SSA established procedures to expedite disability claims for any military service personnel injured October 1, 2001 or later, provided the injury occurred while on active duty. SSA and DDS staffs are instructed to process these cases under the terminal illness procedures.⁷

Presumptive Disability and Blindness Cases

In the 1970s, SSA implemented the presumptive disability and presumptive blindness provisions. Under these provisions, an individual applying for Supplemental Security Income disability payments may receive up to 6 months of payments before the final determination if he or she is likely disabled and meets all other eligibility criteria.⁸

⁴ SSA's Listing of Impairments describes impairments that are considered severe enough to prevent an adult from performing any gainful activity for work.

⁵ SSA, POMS, DI 23022.015.

⁶ SSA, POMS, DI 11005.601.

⁷ SSA, POMS, DI 23020.050. We are conducting a review, *Military Service Casualty Cases* (A-01-09-29056), to assess SSA's efforts to streamline the disability claims process for these cases.

⁸ SSA, POMS, DI 23535.001.

Electronic Health Records

In August 2008, SSA began piloting the Medical Evidence Gathering and Analysis through Health Information Technology (MEGAHIT) prototype with Beth Israel Deaconess Medical Center in Boston, Massachusetts. This computer process automatically requests and receives electronic health records in a standardized form to support SSA's disability claim decision-making process. MEGAHIT then analyzes the data and alerts the disability examiner if the claim might be an allowance according to SSA's Listing of Impairments. According to SSA, this process occurs within a matter of minutes, resulting in shorter-than-average claim processing times.

In February 2009, SSA began working with MedVirginia in a trial implementation of a system-to-system health information exchange through the Nationwide Health Information Network. This is a secure Network connecting consumers, medical providers, and others involved in supporting health care. SSA requests and receives electronic health records through the Nationwide Health Information Network. MEGAHIT then processes the electronic health record data. According to SSA, as of May 2009, disability cases processed using medical information through these systems has resulted in a higher rate of case allowance in less time compared to all disability cases. The Agency is continuing to evaluate this process.

ARRA Initiatives

ARRA provided SSA with \$500 million to help address the increasing disability and retirement workloads caused by the combination of the economic downturn and the leading edge of the baby boomer retirement wave.⁹

ARRA funding enabled the Agency to put significant front-line hires in place to address the growing critical workloads. As of July 2009,

- SSA's disability and retirement operations had hired 1,530 new employees in local field offices, teleservice centers, and processing centers and 296 new employees in the State DDSs, and
- hearings offices had hired 575 new employees, including support staff and administrative law judges. This staff was dispersed nationwide to provide relief to those offices most in need.¹⁰

⁹ Pub. L. No. 111-5, Title VIII, SSA and SSA's Agency-wide Recovery Act Plan, found at http://ssa.gov/recovery/Report_Plan/AgencyWideRecoveryActPlan.pdf.

¹⁰ We recently conducted three reviews related to hiring using ARRA funds: *Planned Hiring by the Office of Operations under the American Recovery and Reinvestment Act* (A-09-09-29157), *The Recovery Act and the Hiring of Disability Determination Staff* (A-07-09-29156), and *The Recovery Act and the Office of Disability Adjudication and Review's Operations* (A-12-09-29140).

Additionally, SSA planned to invest approximately \$16 million in information technology that directly supports workload processing and approximately \$24 million for health information technology contracts with the health care community to provide electronic health records to improve the speed and accuracy of the disability determination process.¹¹

¹¹ In our July 2009 report, *Quick Response Evaluation: Funding for Health Information Technology Under the American Recovery and Reinvestment Act of 2009* (A-01-09-29155), we found that SSA had been proactive in planning for health information technology initiatives. The Agency developed a plan for spending ARRA funds designated for health information technology and had established procedures to ensure the funds were spent appropriately.

The Social Security Disability Claims Process

The Social Security disability claims process begins when a person files a disability claim and does not end until the Social Security Administration (SSA) completes the claim. As a claim moves through the process, it goes through a network of components, with each component responsible for some aspect of the claim. The components involved in the process may include the field offices, disability determination services (DDS), Disability Quality Branches, Payment Service Centers, administrative law judges (ALJ), Appeals Council (AC), and Federal courts.

Field Office Role

The field office assists claimants with completing an application for disability benefits and any subsequent requests for appeal. Once the appropriate form(s) is completed, the field office sends the claim to the appropriate component for further processing—as long as the claimant meets the non-disability criteria for benefits¹—and may receive the claim again at some point for final processing.²

DDS Role

The DDS is generally a State-run agency that makes disability determinations for SSA. At the DDS, a disability examiner, using SSA's regulations, policies, and procedures, obtains the relevant medical evidence and then, working with a physician and/or a psychologist, evaluates the case and determines whether the claimant is disabled under the *Social Security Act*.³

Disability Quality Branch Role

To ensure a high level of accuracy, the Disability Quality Branches review half the initial and reconsideration allowances and a statistically valid sample of initial and reconsideration denials made at each DDS. A Federal quality reviewer determines whether the evidentiary record supports the determination and the evidence and determination conform to SSA's operating policies and procedures. If the Disability Quality Branch finds the DDS' determination is not supported, it returns the claim to the DDS to reverse the determination or gather additional evidence.

¹ SSA may defer developing whether a person meets the non-disability criteria until receipt of a favorable medical decision from a DDS.

² If the field office cannot process or partially processes the claim, it will send the claim to the payment service center for final processing.

³ At other DDSs, where single decision-makers are used, a disability examiner can generally make the disability determination without signoff from a State agency physician or psychologist.

Payment Service Center Role

The Payment Service Center processes favorable hearing decisions and AC review and Federal court decisions. It also processes initial disability determinations when the field office cannot complete them, such as when it needs assistance in determining the amount of back payments due to the claimant.

ALJ Role

An ALJ conducts a hearing. Before the hearing, the claimant and his or her representative may examine the evidence used in making the determination under appeal or submit new evidence. At the hearing, the ALJ can question the claimant and any witnesses the claimant brings. The ALJ may request other witnesses, such as medical or vocational experts, to testify at the hearing. The claimant and his or her representative may also question the witnesses.

The ALJ issues a decision based on all the evidence. If the claimant waives the right to appear at the hearing, the ALJ makes a decision based on the evidence on file and any new evidence submitted for consideration.

AC Role

The AC, which consists of administrative appeals judges, looks at all requests for review and considers the evidence on file, any additional evidence submitted by the claimant, and the ALJ's findings and conclusions. The AC may grant or deny a request for review. The AC may also, on its own motion, review a case within 60 days of the ALJ's decision. If the AC reviews a case, it will (1) uphold or reverse the ALJ's decision or (2) remand the case to the ALJ for a new decision, additional evidence, or additional action.

Federal Court Role

The Federal District Court is the first of three courts with which a claimant may file a suit regarding SSA's decision on his or her disability claim. When a suit is filed with the Federal District Court, the Court reviews all evidence on record as well as the ALJ's and AC's findings and conclusions. The Court then upholds or reverses SSA's decision or remands the case to SSA for a new decision. If it does not find in favor of the claimant, he or she can continue to appeal to the U.S. Circuit Court of Appeals and ultimately to the U.S. Supreme Court.

Scope, Methodology, and Sample Results

To achieve our objective, we:

- Reviewed the *Social Security Act, American Recovery and Reinvestment Act of 2009*, and Social Security Administration's (SSA) regulations, rules, policies, and procedures.
- Reviewed prior Office of the Inspector General reports.
- Reviewed SSA's *Fiscal Year 2008 Performance and Accountability Report* and *Annual Statistical Report on the Social Security Disability Insurance Program, 2007*.
- Obtained data files of all disability decisions made in Fiscal Year 2008. From these files, we identified individuals who (1) were found disabled, (2) were receiving benefits as of March 2009, and (3) had a mailing address in the 48 contiguous United States. Through further analysis, we identified 3 mutually exclusive populations:
 - ✓ 367,465 individuals who received determinations from the disability determination services (DDS) at either the initial level—for claims that took longer than average¹—or the reconsideration level;
 - ✓ 282,701 individuals who received decisions from an administrative law judge (ALJ); and
 - ✓ 961 individuals who received decisions from the Appeals Council (AC) or the Federal courts.
- Randomly selected 250 cases from the first 2 populations and 50 from the last population—for a total of 550 cases. For each case, we:
 - ✓ Reviewed records from SSA's systems such as the Master Beneficiary Record, Supplemental Security Record, Disability Determination Services Query, and Office of Hearings and Appeals Query.
 - ✓ Mailed beneficiaries or their representative payees up to two letters regarding our review.
 - ✓ Called the beneficiaries or their representative payees up to three times. For those we were able to contact, we recorded any information they provided regarding whether the wait for benefits impacted their finances, access to medical care or relationships.

¹ We determined a claim took longer than average to process if the difference between the date of application and the date the DDS made an initial determination exceeded the average initial disability processing time. In FY 2008, the average processing time for initial disability claims was 106 days. SSA, *FY 2008 Performance and Accountability Report*, p. 46, November 2008.

We conducted our audit between January and July 2009 in Boston, Massachusetts. The entities audited were SSA's field offices, DDSs, and Payment Service Centers under the Deputy Commissioner for Operations; SSA's Disability Quality Branches under the Deputy Commissioner for Quality Performance; and SSA's ALJs and AC under the Deputy Commissioner for Disability Adjudication and Review.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We tested the data obtained for our audit and determined them to be sufficiently reliable to meet our objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

SAMPLE RESULTS

Table D-1: Sample Cases by State

State	Number of Sampled Beneficiaries	Portion of Sample
Alabama	16	2.9%
Alaska	0	0.0%
Arizona	7	1.3%
Arkansas	4	0.7%
California	40	7.3%
Colorado	10	1.8%
Connecticut	4	0.7%
Delaware	3	0.5%
District of Columbia	3	0.5%
Florida	31	5.6%
Georgia	19	3.5%
Hawaii	0	0.0%
Idaho	3	0.5%
Illinois	16	2.9%
Indiana	11	2.0%
Iowa	6	1.1%
Kansas	4	0.7%
Kentucky	19	3.5%
Louisiana	6	1.1%
Maine	1	0.2%
Maryland	7	1.3%

Table D-1: Sample Cases by State

State	Number of Sampled Beneficiaries	Portion of Sample
Massachusetts	8	1.5%
Michigan	21	3.8%
Minnesota	5	0.9%
Mississippi	7	1.3%
Missouri	18	3.3%
Montana	4	0.7%
Nebraska	2	0.4%
Nevada	6	1.1%
New Hampshire	3	0.5%
New Jersey	7	1.3%
New Mexico	6	1.1%
New York	37	6.7%
North Carolina	19	3.5%
North Dakota	1	0.2%
Ohio	33	6.0%
Oklahoma	13	2.4%
Oregon	12	2.2%
Pennsylvania	33	6.0%
Rhode Island	1	0.2%
South Carolina	8	1.5%
South Dakota	2	0.4%
Tennessee	19	3.5%
Texas	33	6.0%
Utah	4	0.7%
Vermont	1	0.2%
Virginia	11	2.0%
Washington	6	1.1%
West Virginia	7	1.3%
Wisconsin	12	2.2%
Wyoming	1	0.2%
Total	550	100%

Table D-2: Audit Populations and Number of Participants				
Adjudication Level	Population	Sample	Participants	
DDS	367,465	250	191	76%
ALJ	282,701	250	195	78%
AC/Federal Court	961	50	38	76%
TOTAL	651,127	550	424	77%

Table D-3: Sample Results - Impact of Wait for Benefits on Finances in All Populations		
Impact	Participants	
Did Impact Finances	340	80%
Did Not Impact Finances	51	12%
Did Not Mention Impact	33	8%
TOTAL	424	100%

Table D-4: Sample Results - Impact of Wait for Benefits on Finances in DDS Population		
Impact	Participants	
Did Impact Finances	142	74%
Did Not Impact Finances	30	16%
Did Not Mention Impact	19	10%
TOTAL	191	100%

Table D-5: Sample Results - Impact of Wait for Benefits on Finances in ALJ Population

Impact	Participants	
Did Impact Finances	163	84%
Did Not Impact Finances	20	10%
Did Not Mention Impact	12	6%
TOTAL	195	100%

Table D-6: Sample Results - Impact of Wait for Benefits on Finances in AC/Federal Court Population

Impact	Participants	
Did Impact Finances	35	92%
Did Not Impact Finances	1	3%
Did Not Mention Impact	2	5%
TOTAL	38	100%

Table D-7: Sample Results - Impact of Wait for Benefits on Access to Medical Care in All Populations

Impact	Participants	
Did Impact Access to Medical Care	127	30%
Did Not Impact Access to Medical Care	282	67%
Did Not Mention Impact	15	3%
TOTAL	424	100%

Table D-8: Sample Results - Impact of Wait for Benefits on Access to Medical Care in DDS Population

Impact	Participants	
Did Impact Access to Medical Care	48	25%
Did Not Impact Access to Medical Care	131	69%
Did Not Mention Impact	12	6%
TOTAL	191	100%

Table D-9: Sample Results - Impact of Wait for Benefits on Access to Medical Care in ALJ Population

Impact	Participants	
Did Impact Access to Medical Care	62	32%
Did Not Impact Access to Medical Care	131	67%
Did Not Mention Impact	2	1%
TOTAL	195	100%

Table D-10: Sample Results - Impact of Wait for Benefits on Access to Medical Care in AC/Federal Court Population

Impact	Participants	
Did Impact Access to Medical Care	17	45%
Did Not Impact Access to Medical Care	20	53%
Did Not Mention Impact	1	2%
TOTAL	38	100%

Table D-11: Sample Results - Impact of Wait for Benefits on Relationships in All Populations

Impact	Participants	
Did Impact Relationships	179	42%
Did Not Impact Relationships	172	41%
Did Not Mention Impact	73	17%
TOTAL	424	100%

Table D-12: Sample Results - Impact of Wait for Benefits on Relationships in DDS Population

Impact	Participants	
Did Impact Relationships	57	30%
Did Not Impact Relationships	96	50%
Did Not Mention Impact	38	20%
TOTAL	191	100%

Table D-13: Sample Results - Impact of Wait for Benefits on Relationships in ALJ Population

Impact	Participants	
Did Impact Relationships	97	50%
Did Not Impact Relationships	66	34%
Did Not Mention Impact	32	16%
TOTAL	195	100%

Table D-14: Sample Results - Impact of Wait for Benefits on Relationships in AC/Federal Court Population

Impact	Participants	
Did Impact Relationships	25	66%
Did Not Impact Relationships	10	26%
Did Not Mention Impact	3	8%
TOTAL	38	100%

Additional Examples of Sample Beneficiaries' Experiences While Waiting for Benefits

We spoke to 424 beneficiaries or their representative payees, and below are several examples of the information provided about their experiences while waiting for a disability decision from the Social Security Administration (SSA).

- A woman from Alabama applied for disability benefits in October 2007 because of a back disorder. In May 2008, the disability determination services (DDS) allowed her claim. While waiting for benefits, she was able to pay for her living expenses with her husband's earnings. However, she was unable to pay for medical care she needed for problems related to her legs and feet. Still, she believed her wait for benefits was reasonable. She also said every SSA employee she dealt with was very helpful.
- A woman from Wisconsin applied for disability benefits in March 2008 because of colon cancer, diabetes, and asthma. The DDS denied her claim at the initial level but allowed it in July 2008 at the reconsideration level. During her wait for benefits, she paid her medical care with health insurance she obtained from the State while her fiancé paid her living expenses. At some point, however, her fiancé left her because he did not want to pay her living expenses anymore. Soon after, she was evicted from her home and moved in with her brother. Despite this, she believed her wait for benefits was reasonable.
- A woman from Oregon applied for disability benefits in June 2006 because of depression, anxiety, and hip and back pain. The DDS denied her claim at the initial level but allowed it in December 2007 at the reconsideration level. At some point while waiting for benefits, she could not afford her apartment or medical care. As a result, she became homeless and lived in shelters or on the streets. She also contracted pneumonia twice and tried to commit suicide. Eventually, her church found her a place to live, and she obtained free medical care through the county.
- A man from New York applied for disability benefits in March 2002 because of a back disorder, osteoarthritis, post-traumatic stress disorder, and problems with his vocal cords. The DDS and an administrative law judge (ALJ) denied his claim. The Appeals Council (AC) remanded the claim to the ALJ twice before agreeing with the denial. The individual then filed a suit with the Federal court, and it allowed the claim in July 2008. During this time, the individual said he received medical care from the Veterans Affairs only for his service-related injury. However, he had other medical issues for which he could not obtain the necessary medical care because he had no health insurance. This resulted in the paralysis of one vocal cord and the end of his singing hobby.

- A woman from Arizona applied for disability benefits in February 2003 because of migraines, epilepsy, and arthritis. The DDS (at both the initial and reconsideration levels) and an ALJ denied her claim. The AC agreed with the denial after remanding it to the ALJ. The individual filed a suit with the Federal court, and it allowed her claim in June 2008. Before applying for benefits, she moved back home with her parents because she could not afford to live on her own. While waiting for benefits, she received food stamps and health insurance through the State. However, her health insurance did not cover all her medications. The longer she waited, the more her mother worried that her daughter was not going to get the benefits she needed to take care of herself. Her daughter believes that this worrying caused her mother to have three strokes—which significantly impacted her health and eventually led to her death.
- A woman from Michigan applied for disability benefits in February 2005 because of arthritis and herniated discs. The DDS denied her claim, and an ALJ allowed it in October 2007. While waiting for benefits, she was able to pay for her living expenses with her husband's income and her medical care with health insurance through her husband's former employer. She said every time she contacted SSA, the employees were very nice.
- A woman from Vermont applied for disability benefits in August 2006 because of a back injury, heart condition, and post-traumatic stress disorder. The DDS denied her claim, and an ALJ allowed it in May 2008. While waiting for benefits, she spent all her savings to pay for her living and medical expenses. As a result, she could no longer afford to buy a house.
- A woman from Kentucky applied for disability benefits in October 2006 because of a knee replacement, diabetes, asthma, and high-blood pressure. The DDS denied her claim at the initial level but allowed it in October 2007 at the reconsideration level. While waiting for benefits, she had difficulty paying her medical expenses. To cut down on these expenses, she sometimes obtained medication from a free clinic. However, this medication caused hemorrhages that required hospitalization. Despite this, she stated that the SSA staff was very kind, understanding, and responsive.

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OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

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