

Pre-effectuation Reviews of Favorable Hearing Decisions

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Office of Audit Report Summary

Objective

To determine whether the (1) Office of Disability Adjudication and Review (ODAR) timely processed its pre-effectuation reviews (PER) of favorable hearing decisions and (2) Office of Operations appropriately terminated benefits for claimants whose cases were denied or dismissed in the process. We also reviewed the costs and benefits of conducting the PERs.

Background

Since Fiscal Year (FY) 2011, ODAR's Division of Quality (DQ) has conducted PERs of randomly selected favorable hearing decisions before any payments are made to claimants. As part of the PER process, DQ can effectuate (agree with) the favorable decision; remand it for a new decision; or reverse, modify, or dismiss it. While appeals officers effectuate cases, only administrative appeal judges can remand, reverse, or dismiss a case.

When DQ selects a case for a PER, it is legally required to notify the claimant within 60 days if it intends to conduct a more extensive review.

In the last 5 years, DQ has completed about 26,200 PERs—1.4 percent of the total favorable hearing decisions issued during that time.

Findings

DQ effectuated about four of every five cases selected for a PER in FYs 2011 through 2015 and set aside the remaining cases for additional review. In about 99 percent of the PER cases, DQ either effectuated the case or notified claimants within the required 60 days, though average processing time had steadily increased over the 5-year period.

For the PER cases (about one of every five) requiring further review, the majority was remanded to ALJs, with average processing time for remanded cases also increasing over this period. DQ managers and staff attributed the increase in remand processing time to a growing number of PER cases, DQ staff and management losses, DQ staff handling other workloads, and a lack of timeliness goals.

Of the FY 2011 cases that required further review and were subsequently denied/dismissed, the Office of Operations did not timely terminate disability benefit payments to nine of these claimants. This figure fell to four claimants in FY 2014.

Overall, about 5 percent of the total PER cases processed in FY 2011 led to a denial or dismissal. Given the rate of denials and dismissals, we estimated the potential net program savings ranged from \$23 to \$25 million for that year. Overall, the Agency saved \$4 to \$5 on average per \$1 spent on the PER process in FY 2011.

Recommendations

1. Establish timeliness goals in DQ for PER cases requiring a more extensive review.
2. Ensure continued coordination between ODAR and Operations so that cases denied or dismissed as part of the FY 2015 and later PERs are timely ceased.
3. Create PER-related cost data to assist with any future savings calculations.
4. Consider increasing the number of PERs performed per FY and focusing on cases with a greater likelihood of denial or dismissal.

SSA agreed with the recommendations.