
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE SOCIAL SECURITY ADMINISTRATION'S
STRATEGY FOR REDUCING THE
INITIAL CLAIMS BACKLOG**

June 2011 A-07-10-10162

**EVALUATION
REPORT**



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- 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.

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SOCIAL SECURITY

MEMORANDUM

Date: June 8, 2011 Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Strategy for Reducing the Initial Claims Backlog
(A-07-10-10162)

OBJECTIVE

The objective of our review was to evaluate the actions the Social Security Administration (SSA) had taken or planned to take to reduce its initial disability claims backlog to a pending level of 525,000 by Fiscal Year (FY) 2014.¹

BACKGROUND

SSA provides Disability Insurance (DI) benefits and Supplemental Security Income (SSI) payments to eligible individuals under Titles II and XVI of the *Social Security Act*.² To receive benefits under either program, an individual must first file an application with SSA. Once an application is filed, an SSA field office determines whether the applicant meets the non-disability criteria for benefits.³ If the non-disability criteria are met, the field office generally forwards the claim to the disability determination services (DDS) in the State or other office with jurisdiction to make a disability determination.⁴ DDSs are

¹ SSA determined slightly more than 525,000 pending initial disability claims is the level of work needed to keep cases moving through the disability claims process assuming a receipt level of 2.7 million initial disability claims and an average processing time of 70 days. SSA projects initial claims receipts will fall to more than 2.7 million in FY 2014.

² *Social Security Act* §§ 201 *et seq.* and 1601 *et seq.*, 42 U.S.C. §§ 401 *et seq.* and 1381 *et seq.*

³ For DI benefits, the non-disability criteria include such factors as having sufficient earnings to acquire insured status. 20 C.F.R. §§ 404.130 through 404.133 and 20 C.F.R. § 404.315. For SSI payments, the non-disability criteria include such factors as citizenship, income, and resources. 20 C.F.R. § 416.202 and 20 C.F.R. §§ 416.1100 through 416.1266.

⁴ At the DDS, a disability examiner, using SSA's regulations, policies, and procedures, obtains the relevant medical evidence. The examiner then evaluates the case and determines whether the claimant is disabled under the Agency's criteria. As needed, the disability examiner will consult with a physician and/or psychologist. *Social Security Act* §§ 221(a)(1) and 1633(a), 42 U.S.C. §§ 421(a)(1) and 1383b(a). See also 20 C.F.R. §§ 404.1601 *et seq.* and 416.1001 *et seq.*

located in each of the 50 States plus the District of Columbia and Puerto Rico. In addition to DDSs, SSA has Federal units that make disability determinations. The Federal units are located in each of SSA's 10 regions with 2 additional units in Baltimore, Maryland.

In FY 2008, SSA began experiencing a significant increase in initial disability claim applications due to the economy and rise in unemployment. The rate of applications continued to increase through FY 2010—increasing by about 24 percent since FY 2008 (see Table 1). Although the Agency processed 20 percent more initial disability claims in FY 2010 than in FY 2008, the growth in new claims outpaced SSA's ability to keep up with the new workload. By the end of FY 2010, the number of initial cases pending at SSA had grown to over 840,000—about 49 percent higher than at the end of FY 2008.

Table 1

Initial Disability Claims Receipts, Clearances, and Pending for FYs 2008 Through 2010			
Fiscal Year	2008	2009	2010
Receipts	2,605,362	3,024,415	3,224,668
Clearances	2,630,312	2,812,915	3,161,314
Pending	565,284	779,854	842,192

SSA's goal is to reduce pending initial disability claims to 525,000 by FY 2014. To accomplish this goal, in November 2010, SSA released its *Strategy to Address Increasing Initial Disability Claims Receipts* (Strategy).⁵ This Strategy consists of four objectives:

1. increase staff in DDS and Federal processing components,
2. improve efficiency through automation,
3. expand the use of screening tools to assist in identifying claims likely to be allowed, and
4. refine policies and business processes to expedite case processing.

⁵ See Appendix D for SSA's Strategy.

RESULTS OF REVIEW

SSA had already taken actions to reduce its initial disability claims backlog—primarily by hiring additional staff using both annual appropriations and funding provided under the *American Recovery and Reinvestment Act of 2009* (ARRA).⁶ In addition, the Strategy outlines additional actions SSA has taken or plans to take to reduce initial disability claims to a pending level of 525,000 by FY 2014. Based on SSA's projections for receipts, work years, and productivity, it appears SSA will meet its goal. However, achieving this goal is dependent upon SSA receiving funding that will enable it to achieve the projections for work years and productivity.

According to SSA, it developed the Strategy mindful of the effects on other parts of the Agency and on other workloads. However, based on our review, we do not believe the Strategy is transparent regarding how SSA's continuing disability review (CDR) and reconsideration workloads will be affected by SSA's actions to achieve its goal for initial disability claims pending. Given the limited information in the Strategy on the CDR and reconsideration workloads, we have concerns about whether SSA took into account its obligations to adequately balance its resources among the initial disability claims workload and these other workloads.

ACTIONS TO ADDRESS INCREASING INITIAL DISABILITY CLAIMS

SSA had taken or was taking several actions to address each of the four objectives in its Strategy.

Objective 1: Increase Staffing in DDS and Federal Processing Components

SSA increased DDS staff above attrition by 1,390 employees in FY 2009 and 1,256 employees in FY 2010.⁷ In addition, during FY 2010, SSA established Extended Service Teams (EST) at four DDSs—Arkansas, Mississippi, Virginia, and Oklahoma. SSA hired 333 employees at the ESTs who will assist DDSs nationwide in processing disability claims.⁸ SSA also hired 237 employees at its existing Federal disability

⁶ Pub. L. No. 111-5, Division A, Title VIII, 123 Stat. 115, 185 - 186 (2009). ARRA provided SSA with an extra \$500 million in addition to the regular annual appropriations for the last 2 years for processing disability and retirement workloads. Of this, \$91.4 million was allocated for labor costs of DDS employees and additional overtime.

⁷ SSA's Strategy stated SSA added more than 2,900 DDS employees in FYs 2009 and 2010 (see Appendix D, page D-4). However, based on comments received from SSA officials on March 16, 2011, we updated our report to reflect the most current staffing levels.

⁸ In FY 2010, ESTs processed 22,236 initial disability claims. SSA's Strategy stated SSA hired 280 employees at the ESTs—100 employees in Arkansas, 50 employees in Mississippi, 80 employees in Virginia, and 50 employees in Oklahoma (see Appendix D, page D-4). However, based on comments received from SSA officials on March 16, 2011, we updated our report to reflect the most current number.

processing units who provide case processing assistance to DDSs most adversely affected by increasing initial disability claim receipts.⁹

Objective 2: Improve Efficiency Through Automation

SSA plans to become more efficient by automating and incorporating new technology into its business processes. In part, SSA plans to

- continue enhancing all aspects of the disability Internet claim application, making it easier for the public to submit online disability claims;¹⁰
- increase the receipt of electronic medical records through Health Information Technology; and
- expand the use of the Electronic Claims Analysis Tool (eCAT) to all DDSs to assist disability examiners in documenting, analyzing, and completing disability claims.¹¹

Objective 3: Expand the Use of Screening Tools to Assist in Identifying Likely Allowances

SSA expanded the scope of the Quick Disability Determination (QDD) and Compassionate Allowance initiatives to expedite favorable disability determinations for more claimants with severe disabilities.¹² SSA is also assessing predictive modeling tools similar to the QDD predictive model that would provide for quicker determinations and therefore improved service.

Objective 4: Refine Policies and Business Processes to Expedite Case Processing

SSA plans to improve and streamline policies, procedures, and staff instructions, allowing employees to process work more efficiently without sacrificing accuracy. For example, SSA is reviewing best practices and business processes identified by its top performing DDSs and will share with the rest of the DDSs those initiatives that have improved SSA's ability to address increasing workloads.

⁹ In FY 2010, Federal processing components processed 65,557 initial claims.

¹⁰ SSA's goal is to have 25 percent of disability claims filed online by FY 2012.

¹¹ According to SSA, national rollout of eCAT will be completed by May 2, 2011.

¹² According to SSA officials, this objective of the Strategy also includes expansion of the Disability Examiner (DE) authority. This authority allows a DE to make a determination on certain claims without the approval of a medical or psychological consultant, reducing the time it takes to process decisions. SSA anticipates the use of the new DE authority will result in expeditious determinations, leaving medical consultants time to process complex determinations. Implementation of this initiative began on November 12, 2010 and finished on January 31, 2011.

SSA'S ABILITY TO REDUCE INITIAL DISABILITY CLAIMS PENDING LEVELS

Based on SSA's projections for initial claims receipts, work years, and productivity, it appears that it will meet the goal of 525,000 initial disability claims pending by FY 2014, if not sooner (see Table 2).¹³ In fact, depending on how SSA balances its various workloads, it could meet its goal in FY 2013.¹⁴ However, SSA's ability to reduce initial disability claims pending to the 525,000 goal is dependent on SSA receiving funding that will enable it to achieve projections for work years and productivity.

Table 2

Initial Disability Claims Workload Based on SSA Projections			
Fiscal Year	2011	2012	2013
DDS Work Years ¹⁵	16,827	16,828	16,828
DDS PPWY	275	279	279
Opening Pending ¹⁶	842,192	708,592	632,792
Receipts ¹⁷	3,275,400	3,192,200	2,887,400
Clearances ¹⁸	3,409,000	3,268,000	3,268,000
Closing Pending ¹⁹	708,592	632,792	252,192

¹³ SSA measures productivity in terms of productivity per work year (PPWY). PPWY quantifies the average annual number of determinations by each employee in the DDSs. A work year represents both direct and indirect time, including overhead (such as time spent on training, travel, leave, and holidays).

¹⁴ The timeframe in which SSA meets its goal is dependent on how it balances workloads. The Strategy is not transparent about how SSA plans to balance staff time between processing initial disability claims and other workloads, which predominantly includes CDRs and reconsiderations. Therefore, for our analysis, we considered SSA's FY 2011 and 2012 projections for the other workloads and assumed the FY 2012 projections would remain consistent through FY 2014. As such, it may take SSA longer to achieve its goal depending on how SSA balances its workloads.

¹⁵ The FY 2011 and 2012 projected DDS work years and PPWY were based on the President's FY 2012 budget request. According to SSA officials, the FY 2012 work year and productivity levels are expected to remain consistent through FY 2014. Based on Office of Management and Budget direction, SSA would not release FY 2013 and 2014 projections because they are pre-decisional.

¹⁶ The FY 2011 opening pending is equal to the FY 2010 year-end pending level, as reported on SSA's Office of Disability Determinations' Initial Workload Trends report. The FY 2012 and FY 2013 opening pending levels equal the closing pending levels of the prior FYs.

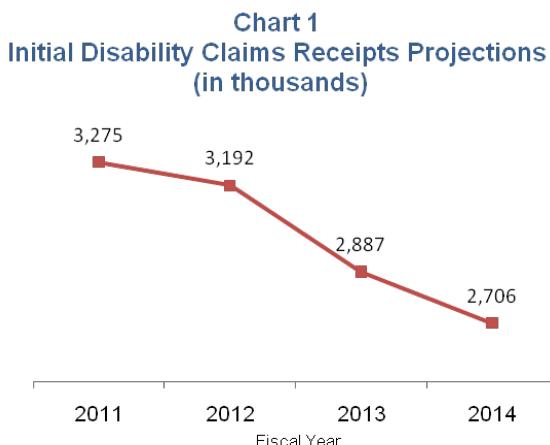
¹⁷ FY 2011 through 2013 projected receipts were provided by SSA's Office of Budget.

¹⁸ The FY 2011 and 2012 projected initial disability claim clearances were based on the President's FY 2012 budget request. The FY 2013 initial disability claim clearances were based on the FY 2012 projection. Since SSA assumes FY 2012 work years and PPWY will remain consistent through FY 2014, total clearances, including initial disability claims and other workloads, should also remain consistent. Initial disability claim clearances could change if SSA changes the balance of its workload.

¹⁹ The FY 2011 through 2013 closing pending levels were calculated by adding receipts to opening pending then subtracting clearances.

Receipts

SSA's Strategy does not provide projected or estimated numbers of initial disability claim receipts. The Strategy simply states that as receipts fluctuate, SSA will adjust the Strategy accordingly. We asked SSA to provide its projected initial disability claim receipts for FYs 2011 through 2014. SSA is projecting initial disability claim receipts will peak at about 3.3 million in FY 2011 then decline through FY 2014 to about 2.7 million (see Chart 1).



However, SSA's ability to achieve its goal will be at risk if the Agency receives more initial disability claims receipts each year through FY 2014 than projected. For example, receipts will need to stay within 7 percent of the annual projections for SSA to meet its goal of 525,000 pending claims, if there are no changes to projected DDS work years or PPWY (see Appendix C, Table C-1).

Work Years

The first objective of SSA's Strategy centers on hiring staff to process disability claims. However, SSA's Strategy does not specifically identify the number of work years planned or needed in FYs 2011 through 2014 to achieve the goal of reducing initial disability claims pending by FY 2014. We asked SSA to provide its projected work years for FYs 2011 through 2014. SSA is projecting 16,827 work years in FY 2011 and 16,828 work years in FY 2012. These projections are based on SSA receiving better than one-for-one replacement hiring in the DDSs. According to SSA officials, the FY 2012 work year projection is expected to remain consistent through FY 2014.

However, in FY 2011, hiring is already a concern. With a FY 2011 budget nearly \$1 billion below the amount requested, Agency components and State DDSs are under a full hiring freeze.²⁰ According to SSA's Commissioner, a hiring freeze for the remainder of FY 2011 would result in a loss of about 2,500 SSA Federal employees and 1,000 DDS employees, causing backlogs to skyrocket.²¹

²⁰ According to SSA's Office of Personnel.

²¹ *Labor-HHS Subcommittee hearing on the SSA Budget Before the Subcomm. on Labor, Health and Human Services, Education, and Related Agencies, of the S. Comm. on Appropriations, 112th Cong. (2011) (statement of Michael J. Astrue, Commissioner of Social Security).*

Without the ability to replace employees lost through attrition, SSA will not be able to maintain the projected level of work years through 2014. Therefore, SSA will be in jeopardy of not achieving its goal. For example, SSA will need to stay within 9 percent of the FY 2011 projection for DDS work years and within 6 percent of the FY 2012 projection during FYs 2012 through 2014 to meet its goal of 525,000 pending claims, if there are no changes to projected receipts or DDS PPWYs (see Appendix C, Table C-2).

Productivity

The last three objectives in SSA's Strategy center on improving productivity using automation, screening tools, and expedited case processing. However, SSA's Strategy does not specifically articulate how these objectives will effect productivity. In addition, the Strategy does not include the specific productivity level needed to achieve the goal of reducing initial disability claims pending by FY 2014. SSA is projecting DDS PPWY of 275 in FY 2011 and 279 in FY 2012, which SSA officials expect to remain consistent through FY 2014.

However, the FY 2011 and 2012 projected DDS productivity levels are higher than any PPWY level achieved in recent years, and the Strategy does not specifically address how the Agency will achieve this PPWY level.²² Based on our calculations, DDS PPWY will need to stay within 9 percent of the FY 2011 projection and 6 percent of the FY 2012 projection during FYs 2012 through 2014 for SSA to meet its goal of 525,000 pending claims, if there are no changes to projected receipts or DDS work years (see Appendix C, Table C-2).

OTHER DDS WORKLOADS

As we have already pointed out, SSA's Strategy does not provide key components, such as the projected numbers for receipts, work years, and productivity, needed to achieve the pending level goal by FY 2014. In addition, the Strategy is not transparent about how the CDR and reconsideration workloads will be affected by SSA's actions to achieve its goal for initial disability claims pending.²³

The Strategy states that SSA will continue monitoring the progress of its important program integrity workloads, specifically CDRs. According to the Strategy, as pending initial claims decrease, the additional staff SSA hired will balance its time between initial

²² DDS PPWY has ranged from a low of 241 in FY 2006 to a high of 274 in FY 2009. As of December 2010, DDS PPWY was 265.

²³ According to SSA officials, by expanding initial claims processing capacity to ESTs and Federal disability processing units, the DDSs were able to focus on other workloads. For example, as ESTs assisted DDSs with initial claims, the DDSs focused resources on the reconsideration workloads.

disability claims and CDRs.²⁴ Given the limited information in the Strategy, we have concerns with whether SSA can adequately balance its resources between the initial disability claims and CDR backlogs.

Since FY 2007, SSA has had a backlog of over 1 million full medical CDRs. In FY 2009, that backlog grew to approximately 1.5 million. SSA plans to perform about 360,000 full medical CDRs in FY 2011 and 592,000 full medical CDRs in FY 2012. While this is an increase over the FY 2010 level, a considerable CDR backlog will remain.²⁵ Therefore, SSA will continue to pay billions of dollars in benefits to individuals who would potentially no longer be entitled.²⁶ Further, SSA has not developed an official strategy for eliminating this backlog.

Conversely, SSA was proactive in developing a Strategy to eliminate the much smaller backlog of approximately 317,000 initial disability claims by FY 2014.²⁷ However, the Strategy does not articulate the degree to which claimants were affected by this backlog, such as increased processing times. In addition, the Strategy does not articulate why SSA needs to eliminate the backlog by FY 2014.

As SSA processes more initial disability claims, it expects to receive more requests for reconsideration, hearings, and appeals. The Strategy briefly addresses the effect reducing initial disability claims pending will have on hearings receipts.²⁸ However, the Strategy is not transparent regarding the resulting increase in reconsideration receipts or how SSA plans to balance its resources to ensure a backlog of reconsiderations does not occur as SSA focuses on reducing its initial disability claims pending. Without this critical information, the Strategy is not transparent regarding how SSA will balance its resources between initial claims, reconsiderations, and CDR workloads.

²⁴ According to SSA officials, new hires can only process initial disability claims after the initial training phase. Additional years of experience and advanced training are required to process other types of disability workloads.

²⁵ In FY 2010, SSA conducted over 322,000 CDRs.

²⁶ OIG reviewed SSA's CDR backlog and found that SSA has made, and will continue to make, benefit payments to individuals who would no longer be eligible if the backlog of 1.5 million full medical CDRs had been conducted when they became due. SSA OIG, *Full Medical Continuing Disability Reviews* (A-07-09-29147), March 2010, p. 2.

²⁷ At the end of FY 2010, SSA had over 842,000 initial disability claims pending. However, SSA's goal is to have 525,000 initial disability claims pending. Therefore, SSA has a backlog of about 317,000 claims.

²⁸ SSA's Strategy states that additional hiring will be required to ensure its hearings backlog reduction plan continues to be successful. In addition, SSA included hearing office representatives in the development of the Strategy and updated the budget and hearing backlog reduction plans accordingly.

CONCLUSIONS AND RECOMMENDATION

Based on SSA's projections for initial disability claims receipts, work years, and productivity, it appears SSA will be able to reduce pending initial disability claims to 525,000 by FY 2014. However, achieving this goal is dependent on SSA receiving funding that will enable it to achieve the projections for work years and productivity.

SSA's funding for FY 2011 is already of concern. In fact, SSA is operating with an approved FY 2011 budget nearly \$1 billion less than requested. As a result, all Agency components and State DDSs are under a full hiring freeze. According to the Commissioner, the hiring freeze will result in a loss of thousands of employees and skyrocketing backlogs.²⁹

In future years, SSA could receive less funding than needed to achieve projections for work years and productivity. If this occurs, SSA may not have budgeted funds to allow it to achieve its initial disability claims backlog goal by FY 2014. According to SSA officials, the Strategy is reassessed each year based on receipt projections and the necessary processing levels needed to reach the goal. Therefore, we recommend that as the Strategy is reassessed each year, SSA be transparent as to how workload decisions are developed, including how budgetary constraints affect initial claim, CDR, and reconsideration workloads.

AGENCY COMMENTS

SSA disagreed with our recommendation. SSA stated that it did not discuss CDR workloads at length in the Strategy because it focused on initial claims. SSA further stated that it publishes reports and other documents that discuss program integrity initiatives. See Appendix E for the full text of SSA's comments.

OIG RESPONSE

We are aware that SSA publishes various reports and documents related to its program integrity activities. We also recognize that SSA's Strategy briefly acknowledges that any additional staff hired will balance time between processing initial disability claims and CDRs. However, given the current budget and hiring situation, we continue to have concerns with how staff will balance time between the initial claim, CDR, and reconsideration workloads and how current and future budgetary constraints will affect these workloads. Therefore, we continue to support our recommendation that SSA outline this information in its annual reassessment of the Strategy.



Patrick P. O'Carroll, Jr.

²⁹ Supra note 21.

Appendices

[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – The Social Security Administration’s Ability to Reduce Initial Disability Claims Pending Levels

[APPENDIX D](#) – Strategy to Address Increasing Initial Disability Claim Receipts

[APPENDIX E](#) – Agency Comments

[APPENDIX F](#) – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

ARRA	<i>American Recovery and Reinvestment Act of 2009</i>
CDR	Continuing Disability Review
C.F.R.	Code of Federal Regulations
DDS	Disability Determination Services
DE	Disability Examiner
DI	Disability Insurance
eCAT	Electronic Claims Analysis Tool
EST	Extended Service Team
FY	Fiscal Year
PPWY	Productivity Per Work Year
Pub. L. No.	Public Law Number
QDD	Quick Disability Determination
SSA	Social Security Administration
SSI	Supplemental Security Income
Strategy	<i>Strategy to Address Increasing Initial Disability Claims Receipts</i>
U.S.C.	United States Code

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and the Social Security Administration's (SSA) regulations, policies, and procedures.
- Researched prior reports by the Office of the Inspector General and the Government Accountability Office.
- Reviewed SSA's *Strategy to Address Increasing Initial Disability Claim Receipts* (issued November 2010).
- Interviewed SSA officials in the Offices of Budget and Disability Determinations.
- Gathered and reviewed data related to the projected disability workloads in Fiscal Years 2011 and 2012.
- Performed analysis using SSA's projected numbers to determine whether SSA would meet the initial disability claims pending goal.

We performed our review between April and December 2010 in Kansas City, Missouri. The entity reviewed was SSA's Office of Disability Determinations under the Office of the Deputy Commissioner for Operations. We determined that the data used in this report were sufficiently reliable given our review objective and intended use of the data. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix C

The Social Security Administration's Ability to Reduce Initial Disability Claims Pending Levels

The Social Security Administration (SSA) projects initial disability claim receipts will peak at about 3.3 million in Fiscal Year (FY) 2011 then decline through FY 2014 (see Chart 1 on Page 6 of the report). However, if receipts are 7 percent more than projected, and there are no changes to projected disability determination services (DDS) work years or productivity per work year (PPWY), the pending level at the end of FY 2014 will be over 534,000 claims (see Table C-1).¹

Table C-1

Effect of Initial Disability Claims Receipts 7 Percent Higher Than Projected				
Fiscal Year	2011	2012	2013	2014
DDS Work Years ²	16,827	16,828	16,828	16,828
DDS PPWY	275	279	279	279
Opening Pending ³	842,192	937,870	1,085,524	907,042
Receipts ⁴	3,504,678	3,415,654	3,089,518	2,895,313
Clearances ⁵	3,409,000	3,268,000	3,268,000	3,268,000
Closing Pending ⁶	937,870	1,085,524	907,042	534,355

¹ SSA measures productivity in terms of PPWY. PPWY quantifies the average annual number of determinations by each employee in the DDSs. A work year represents both direct and indirect time, including overhead (such as time spent on training, travel, leave, and holidays).

² The FY 2011 and 2012 projected DDS work years and PPWY were based on the President's FY 2012 budget request. According to SSA officials, the FY 2012 work year and productivity levels are expected to remain consistent through FY 2014. Based on Office of Management and Budget direction, SSA would not release FY 2013 and 2014 projections because they are pre-decisional.

³ The FY 2011 opening pending is equal to the FY 2010 year-end pending level, as reported on SSA's Office of Disability Determinations' Initial Workload Trends report. The FY 2012 through 2014 opening pending levels equal the closing pending levels of the prior FYs.

⁴ For this analysis, the number of receipts each FY is equal to 107 percent of SSA's projected receipts. We determined an increase of 7 percent in receipts would make SSA unable to achieve its goal. To do so, we identified the total number of receipts that would result in a FY 2014 pending level above 525,000 initial disability claims. We subtracted this receipt level from the total receipts projected by SSA for FYs 2011 through 2014. Then, we divided the additional number of receipts by SSA's projections to arrive at the percentage of additional receipts that would make SSA unable to achieve its goal.

⁵ The FY 2011 and 2012 projected initial disability claim clearances were based on the President's FY 2012 budget request. Since SSA assumes FY 2012 work years and PPWY will remain consistent through FY 2014, total clearances, including initial disability claims and other workloads, should also remain consistent. Initial disability claim clearances could change if SSA changes the mix of its workload.

⁶ The FY 2011 through 2014 closing pending levels were calculated by adding receipts to opening pending then subtracting clearances.

SSA projects DDSs will have 16,827 work years and a PPWY of 275 in FY 2011. In addition, SSA projects 16,828 DDS work years and a PPWY of 279 in FY 2012, which is expected to remain consistent through FY 2014. Based on these levels, SSA projects it will process over 3.4 million initial disability claims in FY 2011 and over 3.2 million initial disability claims each FY through 2014. However, if SSA only processes approximately 3.1 million initial disability claims each FY, SSA will not achieve its goal of 525,000 initial disability claims pending (see Table C-2).

Table C-2

Effect of Initial Disability Claim Clearances Lower Than Projected⁷				
Fiscal Year	2011	2012	2013	2014
Opening Pending	842,192	1,023,319	1,121,246	914,373
Receipts ⁸	3,275,400	3,192,200	2,887,400	2,705,900
Clearances ⁹	3,094,273	3,094,273	3,094,273	3,094,273
Closing Pending	1,023,319	1,121,246	914,373	526,000

A clearance level of 3.1 million claims would occur, in part, if either

- DDS work years were 15,337 in FY 2011, which is approximately 9 percent lower than projected, and 15,824 in FYs 2012 through 2014, which is approximately 6 percent lower than projected for FY 2012,¹⁰ or
- DDS productivity was 251 in FY 2011, which is approximately 9 percent lower than projected, and 262 in FYs 2012 through 2014, which is approximately 6 percent lower than projected for FY 2012.^{11,12}

⁷ All assumptions for this analysis are the same as those in Table C-1 except where noted.

⁸ The FY 2011 through 2014 projected receipts were provided by SSA's Office of Budget.

⁹ Based on SSA's projected numbers of initial disability claim receipts for FYs 2011 through 2014, we calculated the total number of initial disability claims clearances that would result in a FY 2014 pending level of 526,000 claims. Then, we divided the number of total clearances by 4 years to arrive at the number of initial disability claims clearances per year that would make SSA unable to achieve its goal.

¹⁰ We calculated the DDS work year level that would cause SSA to process 3.1 million initial disability claims. To do so, we took 3,094,273 less the projected number of annual clearances by Federal disability processing units, as provided by SSA, plus the projected number of other DDS workloads, which we calculated based on SSA's projections for DDS work years, PPWY, reconsiderations, and continuing disability reviews (CDR). We divided the result by 275 for FY 2011 and 279 for FY 2012, SSA's projections for DDS PPWY.

¹¹ We calculated the DDS PPWY level that would cause SSA to process 3.1 million initial disability claims. To do so, we took 3,094,273 less the projected number of annual clearances by Federal disability processing units, as provided by SSA, plus the projected number of other DDS workloads, which we calculated based on SSA's projections for DDS work years, PPWY, reconsiderations, and CDRs. We divided the result by 16,827 for FY 2011 and 16,828 for FY 2012, SSA's projections for DDS work years.

¹² SSA's clearances would also be affected by changes in work years or PPWY at Federal disability processing units. However, we did not conduct analysis to identify the effect such changes would have.

Appendix D

Strategy to Address Increasing Initial Disability Claim Receipts

Strategy to Address Increasing Initial Disability Claim Receipts



Social Security Administration
November 2010

**The Social Security Administration's Strategy to Address Increasing
Initial Disability Claim Receipts**
November 2010 Update

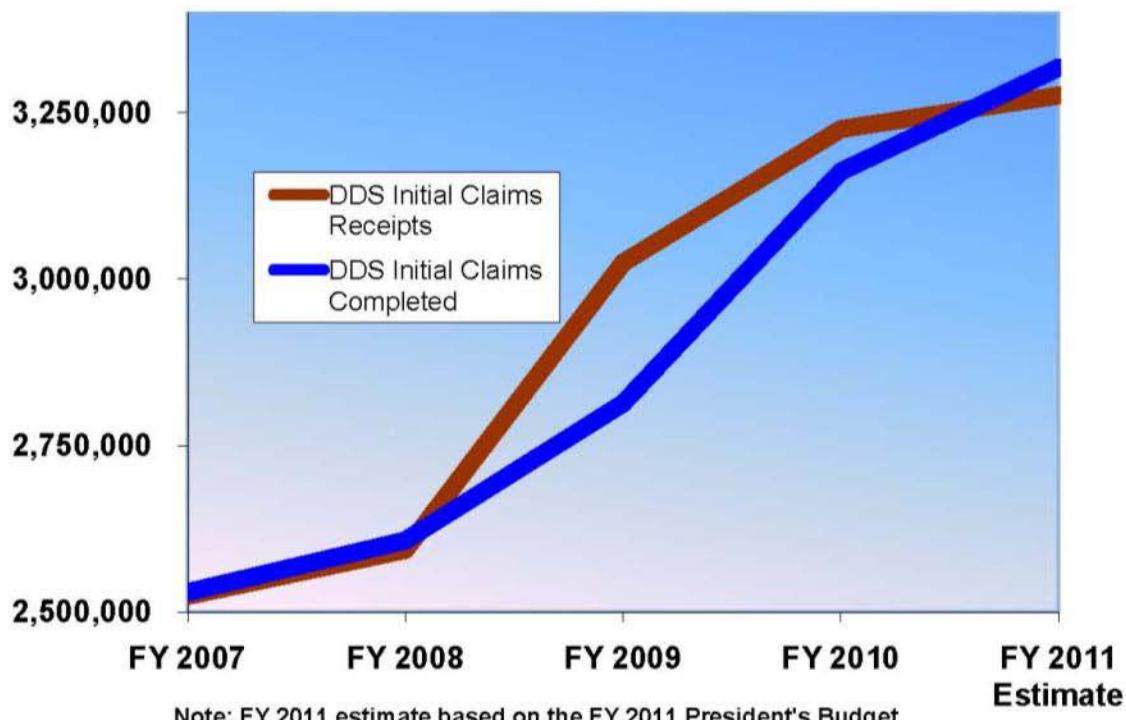
Background

The recovering economy has underscored the role Social Security plays in the lives of millions of Americans. We are facing a surge in workloads due to the economic downturn and the aging of the Baby Boomers. More than ever, people are turning to us for needed services.

Over the past few years, we anticipated and planned for the additional disability claims caused by the aging of the Baby Boomers, who are now entering their most disability-prone years. Regrettably, the deterioration of the National economy exacerbated our already fragile situation.

The unemployment rate affects the number of disability claims we receive. Beginning in late FY 2008, we began to experience a significant increase in initial disability applications due to the economy and rise in unemployment. In FY 2009, over 3 million people applied for disability benefits, over 400,000 more than in FY 2008. At the end of FY 2009, our pending caseload was nearly 780,000 – over 200,000 more claims than at the end of FY 2008. Disability claims continue to rise this year to unprecedented levels and, as a result, our backlog of cases continues to climb as well.

**Although We Continue to Complete Significantly More Disability Claims,
the Recession Has Pushed Disability Claims Receipts Even Higher**



Disability claims are our most labor-intensive workload, so addressing this increasing workload will be a significant challenge. Our goal is to return to our pre-recession pending claims level by FY 2014. We have developed a strategy to reduce the initial disability claims backlog, which relies on hiring, implementing technological solutions, updating and simplifying program rules, and adapting hearing backlog reduction initiatives that are working well. We are confident that, with the continued support of Congress, we will reduce the initial disability claims backlog and lay the foundation for an improved disability process that will produce faster and more accurate decisions.

Strategy and Objectives

Our strategy to address the increase in initial claims and the growing pending levels includes four objectives:

1. Increase staff in the DDSs and in Federal disability processing components, particularly disability examiners and medical consultants;
2. Improve efficiency through automation;
3. Expand the use of screening tools to assist in identifying claims likely to be allowed; and
4. Refine policies and business processes to expedite case processing.

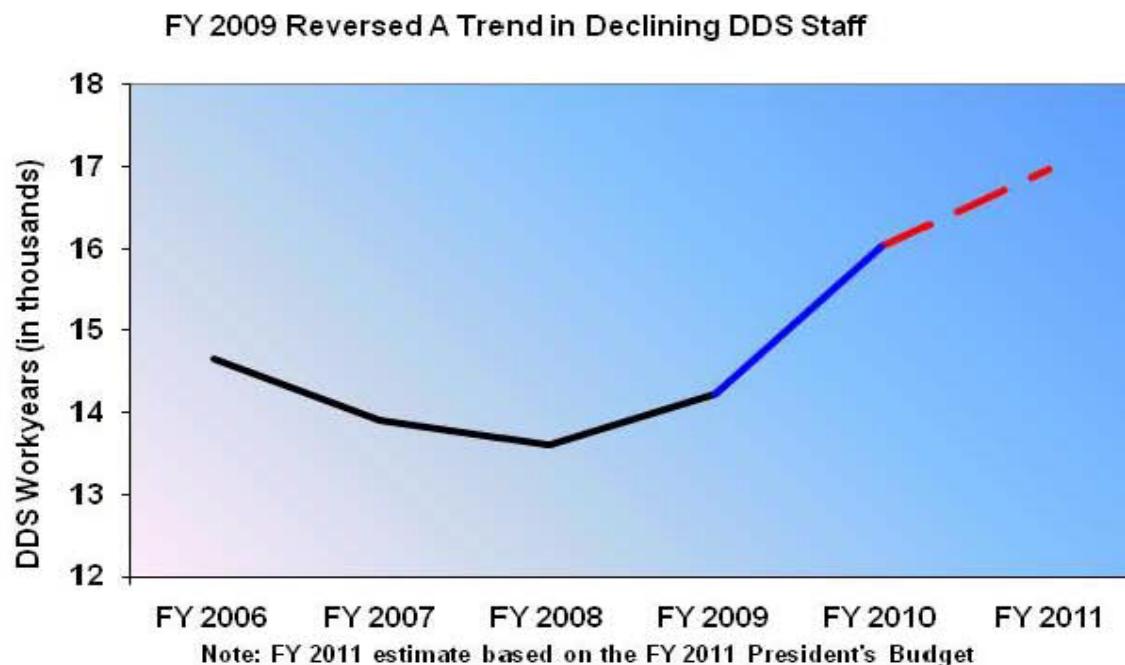
This strategy has already produced measurable and meaningful results. In FY 2009, we hired over 2600 new employees. While these new employees spent a majority of their time in training in FY 2009, they contributed to our completion of over 200,000 more disability claims than in FY 2008. In FY 2010, we completed almost 570,000 more disability claims than in FY 2008.

The following section provides details on the four objectives of our plan.

Objective 1: Increase staffing in DDS and Federal processing components

Adjudicating disability cases is labor-intensive. We cannot address this challenge without additional disability examiners and medical consultants.

DDS staffing levels are not yet sufficient to allow DDSs to keep up with the increased workloads and make timely decisions on the increasing number of initial disability claims. Consequently, the number of pending cases continues to grow. We have increased our processing capacity by hiring additional disability examiners and medical consultants, which over time will lead to reduction in the number of pending cases.



Increase Staffing in the State Disability Determination Service Agencies

Through the resources provided in the American Recovery and Reinvestment Act (ARRA) and our FY 2009 and FY 2010 appropriations, we have been able to replace staff losses due to attrition as well as hire additional staff. By the end of FY 2010, we added more than 2,900 DDS employees than we had at the end of FY 2008. With adequate and timely funding, we will have sufficient DDS staff to begin reducing the initial claims backlog. We are adopting new and innovative approaches to provide staff resources where they are most needed, but DDS staffing is challenged by hiring freezes and furloughs in a number of States.

Establishment of Extended Service Teams

We used best practices from the hearings backlog reduction plan to create centralized units, similar to the National Hearing Centers, which will assist the hardest-hit states across the Nation. We established these new units, called Extended Service Teams (EST), in DDSs with a history of high quality and productivity. In FY 2010, we opened four ESTs – Arkansas (March 2010 with 100 employees), Mississippi (April 2010 with 50 employees), Virginia (May 2010 with 80 employees), and Oklahoma (June 2010 with 50 employees).

Expand Federal Capacity

We are also expanding our Federal capacity to handle more claims. We currently have a Federal unit in each of our ten regions and two units in Baltimore that assist the DDSs in processing claims. In FY 2010, we added 237 employees to these units, which serve as National resources to assist DDSs most adversely affected by the increase in initial claims receipts.

Increase Medical Consultant Capacity for Federal Components and State DDSs

In addition to hiring more disability examiners to complete disability determinations, we need to increase our medical consultant staff. Traditionally, medical consultants work onsite in the DDSs to review medical evidence, provide guidance to disability examiners on the severity of a claimant's condition, and, in many cases, provide final approval of disability determinations. We are exploring several alternatives to increase the pool of qualified medical consultants. Some of these alternatives include changing or expanding the current contracts from pay-per-hour to pay-per-case; hiring additional Federal medical consultants to assist DDSs across the country; providing maximum flexibility for medical consultants by identifying alternative work sites; and implementing a National recruitment strategy to address our critical needs for medical consultants.

Objective 2: Improve efficiency through automation

We can become more efficient by automating and incorporating new technology into our business processes.

Our strategy takes advantage of new and existing technology to improve performance in all aspects of the disability claims process. It also provides people filing for disability and their representatives more convenient, 21st century, service delivery channels.

Improve Online Options for Filing for Disability

In December 2008, we introduced iClaim, a new internet application for Social Security retirement and disability benefits. In January 2010, we released the Simplified 3368, Adult Disability Report, which streamlined claim submission by making it easier for the public to submit their internet claim. We are continuing with our initiative to streamline and enhance all aspects of online disability claims.

Increase the Use of Consultative Examination Video Teleconferencing

If we do not have sufficient evidence to make a disability determination, we may send the claimant for a consultative examination with a medical professional. In some situations, it can be challenging to identify appropriate local medical or psychological professionals who are willing to provide consultative examinations. We plan to use our video teleconferencing technology, which has been extremely helpful in reducing our hearings backlog, to conduct remote video psychiatric consultative exams, reducing claimant's travel, and decreasing wait times for determinations.

Expand the Use of Electronic Claims Analysis Tool (eCAT)

Another automated tool, the Electronic Claims Analysis Tool (eCAT), improves the consistency of our determinations by aiding disability examiners in documenting, analyzing, and completing disability claims in accordance with our regulations. It has proven to be an extremely useful training tool for new examiners as well, enabling new adjudicators to learn the sequential evaluation process more quickly. Through FY 2010, eCAT has been rolled out to 33

states/territories and four Federal sites. National rollout will be complete by May 2, 2011. Currently, all DDSs have access to eCAT in a training environment to assist new examiners.

Utilize Health Information Technology (HIT)

We are at the leading edge of implementing HIT throughout the Federal Government by being the first Federal agency to request and receive clinical medical records through the Nationwide Health Information Network. We are also assisting health care providers throughout the Nation to adopt and develop interoperable electronic health records. Through partnerships with Beth Israel Deaconess Medical Center in Boston and MedVirginia, we currently receive electronic medical records through HIT.

We have used over \$17 million of ARRA funds to award 14 contracts to medical providers and health information exchange organizations across the country. These new partnerships will help us benchmark and establish a model process in the HIT arena that will ultimately enable us to increase the accuracy and efficiency of the disability determination process. We plan to begin receiving medical records from these providers by the end of FY 2011.

Expedite Hardware Upgrades

As we improve our existing systems and expand the range of automation support available in our disability claims workloads, we need to ensure that our information technology hardware keeps pace with processing demands. To achieve this objective, we are accelerating planned upgrades in both desktop workstations and DDS support services. These upgrades will allow examiners to complete work faster with fewer periods of slow response.

Objective 3: Expand use of screening tools to assist in identifying likely allowances

The Quick Disability Determination (QDD) and Compassionate Allowance (CAL) initiatives are an efficient way of quickly identifying diseases and other medical conditions that clearly qualify for Social Security and Supplemental Security Income disability benefits.

Expand Quick Disability Determinations and Compassionate Allowances

We continue to expedite determinations for those claimants who have medical conditions so severe that, in some cases, all we need is a confirmed diagnosis to find the claimant is disabled. In FY 2009, our Compassionate Allowances and Quick Disability Determination initiatives allowed us to approve benefits for nearly 100,000 Americans with severe disabilities in a matter of days. In March 2010, we expanded the scope of these initiatives by adding 38 new compassionate allowance conditions that meet disability standards.

In FY 2010, our enhancements to QDD and CAL allowed us to accurately fast track approximately 129,000 decisions for the most severely disabled. In FY 2011, we expect this number to increase if accuracy can be maintained.

We are also assessing predictive modeling tools similar to the QDD predictive model that would provide for quicker determinations and improved service.

Objective 4: Refine policies and business processes to expedite case processing

By addressing the complexities of our programs, we will improve and streamline policies, procedures, and staff instructions, allowing employees to process work more efficiently without sacrificing accuracy.

Update Medical Listing of Impairments

The Listing of Impairments describes impairments severe enough to prevent a person from working, or for children, impairments that cause marked and severe functional limitations. We plan to update impairments in the Listing every five years. In the last five years, we have revised approximately half of the impairments. We are also implementing a process that will allow us to make targeted changes to specific impairments as necessary.

To support our revisions to the Listing, we are working with the Institute of Medicine to establish a committee of medical experts who will assist us in ensuring that the Listing is medically supportable, relevant, and technologically correct.

Review Best Practices and Business Process Options

We are in the process of reviewing best practices and business processes identified by our top performing DDSs and will share with the rest of the DDSs those initiatives that will improve our ability to address increasing workloads. We are specifically looking at general business processes, communication, consultative examination processes, case development practices, training, and mentoring.

Conclusion

We developed our strategy mindful of the effects on other parts of the agency and on other workloads. Our resource projections include resources needed in the DDSs, field offices, 800 number call centers, processing centers, quality review branches, hearing offices, and other components involved in the disability process.

With adequate and timely funding, we will handle our growing disability workloads and return pending initial disability claims to pre-recession levels by FY 2014.

The Initial Disability Claims Reduction Strategy Will Return the Pending Level to Pre-Recession Levels



Note: Estimate based on the FY 2011 President's Budget

As we decrease our pending initial claims, the additional staff we are hiring will balance their time between initial disability claims and our equally important program integrity workload, continuing disability reviews.

Since 1954, we have helped people with disabilities and their families cope with the loss of income caused by severe disability. We are the face of the Federal Government in communities across America and must continue to serve the public as they look to us for help in this challenging economic time. With the continued support of Congress, we can fulfill our commitments to the public and bring the initial disability claims pending back down to pre-recession levels. Our strategy will make a difference and improve the lives of millions of Americans with disabilities.

Appendix 1

Risk Management, Performance Measurement, and Integration with SSA Planning and Budgeting

Risk Management

The following risks affect our ability to successfully implement our strategies, and/or to achieve our other goals and objectives:

- **Funding levels:** Due to the full funding of the President's FY 2010 budget and resources provided in the American Recovery and Reinvestment Act (ARRA), we have sufficient resources in FY 2010 to execute our strategy. The FY 2011 President's budget request continues support for our strategy.
- **State hiring restrictions and furloughs:** We will continue to closely monitor budget situations in all states and where necessary, request furlough exemptions for DDS staff. We will use the Federal case processing components and Extended Service Teams to assist states in these situations.
- **Fluctuations in workload receipts:** We will continue to track workloads and in the event we see significantly higher or lower receipt levels than projected, we will make necessary adjustments to our overall strategy.
- **Recruitment of sufficient medical consultant resources:** We are actively pursuing new methods of recruiting and retaining medical consultants including new pay-per-case methodology. We will continue to provide National medical consultant resources to address critical needs and workload imbalances.
- **Availability of sufficient medical sources to perform the increased volume of consultative examinations:** We are pursuing alternate methods of performing consultative examinations in some cases, e.g., video conferencing.
- **Quality in our initial claims workloads:** As initial disability claims continue to increase, we will monitor the overall quality of our service. We will continue our robust quality assurance process to ensure that claims are processed accurately within the guidelines of the statute, regulations, and policy. We are also exploring the availability of support from the Office of Quality Performance to perform additional reviews, over the routine sampling and case review monitoring function, to conduct increased case reviews on the work of new adjudicators to ensure quality case development and decision making.
- **Program integrity workloads:** Staff responsible for determining eligibility for our initial disability claims is also responsible for conducting Continuing Disability Reviews (CDRs) workloads. We will continue to monitor the progress of our important program integrity workloads.

- **Increased appeal workloads:** As we process more initial claims, we expect to receive more requests for reconsiderations, hearings, and appeals, which will require additional staffing to our hearings backlog reduction plan. We reduced the hearings backlog in FY 2009 for the first time in a decade and are on track to eliminate the hearings backlog by FY 2013. To assure that the hearings backlog plan continues to be successful, we have included hearings office representatives in the development of this strategy, and have updated our budget and hearing backlog reduction plans accordingly.

Monitor Performance Measurement

We will continue to monitor the performance of each DDS in our collective efforts to meet our pre-recession pending goal. The performance measures we track to ensure that our actions are achieving the desired results include:

- Quality;
- Processing Time;
- Productivity; and
- Level of Pending Cases

Integrate with SSA Planning and Budgeting

Our strategy, as outlined in this document, is fully integrated with the agency's overall planning and budgeting processes. We have included all affected components in the development of our strategy. Furthermore, our strategy addresses our strategic goals and is reflected in the performance goals laid out in our budget and in our Annual Performance Plan.

Appendix E

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: May 18, 2011

Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Dean S. Landis /s/
Deputy Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "The Social Security Administration's Strategy for Reducing the Initial Claims Backlog" (A-07-10-10162)--INFORMATION

Thank you for the opportunity to review the subject report. Please see our attached comments.

Please let me know if we can be of further assistance. Please direct staff inquiries to Chris Molander, at extension 57401.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “THE SOCIAL SECURITY ADMINISTRATION’S STRATEGY FOR REDUCING THE INITIAL CLAIMS BACKLOG” A-07-10-10162

COMMENT

Your objective was to evaluate the actions we are taking to reduce the initial disability claims pending level to 525,000 by fiscal year (FY) 2014. You concluded we would likely meet our goal. However, you state that our strategy is not transparent because we do not discuss how our efforts to process initial claims will affect other workloads such as continuing disability reviews (CDR) and reconsiderations. We disagree with your observation.

In our “Strategy to Address Increasing Initial Disability Claim Receipts (November 2010),” we state on page D-8 (see Appendix D of your draft report):

“As we decrease our pending initial claims, the additional staff we are hiring will balance their time between initial disability claims and our equally important program integrity workload, continuing disability reviews.”

We do not discuss CDR workloads at length in the Strategy because it focuses on initial claims. However, we do publish a number of other reports and documents that discuss in detail our program integrity initiatives, as well as our plans for processing reconsiderations. These include the President’s Budget request, the Congressional Budget Justification, the Performance and Accountability Report, the Annual Performance Plan, the Annual Report on Periodic Continuing Disability Reviews, and the Report on Continuing Disability Reviews Resulting from Work Activity.

RECOMMENDATION

As the Strategy is reassessed each year, SSA should be transparent as to how workload decisions are developed, including how budgetary constraints affect initial claim, CDR, and reconsideration workloads.

Response

We disagree with the conclusion that we are not transparent about how we develop workload decisions. As noted above, numerous published documents provide varying degrees of detail about how we make workload decisions.

Appendix F

OIG Contacts and Staff Acknowledgments

OIG Contacts

Mark Bailey, Director, Kansas City Audit Division

Tonya Eickman, Audit Manager

Acknowledgments

In addition to those named above:

Karis Crane, Auditor

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-07-10-10162.

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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.

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