

*Evaluation Report*

Medical Denial Rates for Presumptive  
Disability Determinations

# OIG

Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** September 23, 2015                              **Refer To:**  
**To:** The Commissioner  
**From:** Inspector General  
**Subject:** Medical Denial Rates for Presumptive Disability Determinations (A-07-15-15032)

The attached final report presents the results of the Office of Audit's review. The objective was to evaluate medical denial rates for presumptive disability determinations by medical impairment and quantify the associated presumptive disability payments.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

# Medical Denial Rates for Presumptive Disability Determinations

## A-07-15-15032



September 2015

Office of Audit Report Summary

Objective
To evaluate medical denial rates for presumptive disability (PD) determinations by medical impairment and quantify the associated PD payments.
Background
A claimant, including a child, applying for Supplemental Security Income (SSI) based on disability or blindness may receive up to 6 months of payments before the final determination of disability or blindness if he/she is found to be presumptively disabled or blind and meets all other eligibility requirements.
A PD determination requires that evidence reflect a high degree of probability that the claimant's impairment or combination of impairments meets the Social Security Administration's (SSA) definition of disability or blindness.
According to SSA policy, payments based on a PD determination are not considered overpayments if it is later determined the claimant is not disabled or blind.

## Findings

From Fiscal Years (FY) 2010 through 2014, SSA made 422,178 PD determinations where the claimant received between 1 and 6 PD payments. SSA subsequently denied 42,960 (10.2 percent) because the claimants were found to be ineligible for continuing SSI payments. SSA paid over \$74 million to these claimants during the period of PD, of which approximately \$67.7 million cannot be recovered because the claimants were denied because of medical ineligibility and therefore were not considered overpaid.

- \$60.3 of the \$67.7 million was paid based on disability determination services' (DDS) PD determinations.
  - \$31.5 million of DDS' unrecoverable payments was paid based on PD determinations for impairments SSA identified as having limited potential for PD, or impairments for which DDS personnel are instructed to exercise caution because of the difficulty of predicting the severity or duration.
- \$7.4 of the \$67.7 million was paid based on field office PD determinations.
  - \$4.6 million of field office unrecoverable payments was paid based on only two impairments.

## Recommendation

Evaluate policy and procedures for PD determinations on impairments that have a medical denial rate that is well outside the national average for all PD determinations. This should include those impairments we identified with the highest medical denial rates, such as substance abuse, Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome, and low birth weight.

SSA agreed with our recommendation.

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## **ABBREVIATIONS**

ADD	Attention Deficit Disorder
ADHD	Attention Deficit Hyperactivity Disorder
AIDS	Acquired Immunodeficiency Syndrome
DDS	Disability Determination Services
FO	Field Office
FY	Fiscal Year
GA	Gestational Age
HIV	Human Immunodeficiency Virus
OIG	Office of the Inspector General
POMS	Program Operations Manual System
PD	Presumptive Disability
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record

## OBJECTIVE

Our objective was to evaluate medical denial rates for presumptive disability (PD) determinations by medical impairment and quantify the associated PD payments.

## BACKGROUND

A claimant, including a child, applying for Supplemental Security Income (SSI) based on disability or blindness may receive up to 6 months of payments before the final determination of disability or blindness if he/she is found to be presumptively disabled or blind and meets all other eligibility requirements.<sup>1</sup> A PD<sup>2</sup> determination requires that evidence reflect a high degree of probability that the claimant's impairment or combination of impairments meets the Social Security Administration's (SSA) definition of disability or blindness.<sup>3</sup>

For readily observable impairments (for example, amputation of a leg at the hip), a PD determination is possible without medical, or other, evidence.<sup>4</sup> In other situations, a PD determination must be based on medical or non-medical evidence, which, although not sufficient for a formal determination of disability or blindness, is “sufficient to establish a high degree of probability the claimant is disabled or blind.”<sup>5</sup> According to SSA policy, payments based on a PD determination are not considered overpayments if it is later determined the claimant is not disabled or blind unless the claim is disallowed due to factors other than disability or blindness; or it is subsequently determined the claimant had excess resources.<sup>6</sup>

Therefore, SSA is prevented from attempting to recover any PD benefits paid in cases resulting in denial based on medical ineligibility.<sup>7</sup> However, if non-disability factors (excess income, resources, living arrangements, etc.) cause the PD payments to be incorrect, an overpayment results and SSA's standard recovery procedures apply.<sup>8</sup>

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<sup>1</sup> SSA, POMS, DI 23535.001.A (November 8, 2012).

<sup>2</sup> We use the term “presumptive disability” in reference to both presumptive disability and blindness.

<sup>3</sup> SSA, POMS, DI 23535.001.A (November 8, 2012).

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> SSA, POMS, DI 23535.001.D.2 (November 8, 2012).

<sup>7</sup> SSA, *Understanding Supplemental Security Income Expedited Payments*, <http://www.socialsecurity.gov/ssi/text-expedite-ussi.htm> (last visited July 8, 2015).

<sup>8</sup> SSA, POMS, SI 02201.010.A.1 (April 27, 2011).

Both State disability determination services (DDS) and SSA field offices (FO) may make PD determinations. DDSs, which are fully funded by the Government, are State agencies that develop medical evidence and determine whether claimants are disabled or blind under the law.<sup>9</sup> The DDS may make a PD determination in any case where there is a strong likelihood the claimant will be allowed on a formal determination.<sup>10</sup>

FOs interview claimants and process applications for the SSI program. The FOs ensure claimants meet the program's non-medical eligibility requirements but must then transfer each case to the DDS where the final medical eligibility determination is made.<sup>11</sup> Therefore, FOs are only authorized to make PD determinations for impairments that are readily observable or easily confirmed.<sup>12</sup>

We identified 913,942 SSI claims from SSA's Disability Database System that had a PD determination in Fiscal Years (FY) 2010 through 2014 (see Table 1). We matched these PD determinations to data from SSA's Supplemental Security Record and found 491,764 claims received a final determination before any payments were released to the claimant. Therefore, we focused our review on the 422,178 PD determinations where the claimant received at least 1 PD payment before the final determination.

Our analysis did not include a substantive review of all factors considered throughout case development and final determination. We focused only on the financial impact of payments made to beneficiaries who received PD determinations and were subsequently denied for medical reasons. We acknowledge that PD determinations are made at a point in time and therefore there is an inherent risk that some will not result in a fully favorable determination. See Appendix A for our scope and methodology.

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<sup>9</sup> SSA, POMS, DI 39501.020 (February 28, 2002).

<sup>10</sup> SSA, POMS, DI 11055.230.B (September 8, 2014).

<sup>11</sup> SSA, POMS, DI 11055.240.A (July 24, 2014).

<sup>12</sup> SSA, POMS, DI 11055.230.B (September 8, 2014).

**Table 1: PD Determinations and Outcome by FY**

FY	PD Determinations	PD Determinations with Payments	Denied PD Determinations with Payments		
			Total	Medical Denials <sup>13</sup>	Technical Denials <sup>14</sup>
2010	189,208	93,976	8,784	7,361	1,423
2011	195,900	95,527	9,704	8,222	1,482
2012	194,941	89,738	8,772	7,520	1,252
2013	179,643	78,246	8,049	7,046	1,003
2014	154,250	64,691	7,651	6,905	746
<b>Total</b>	<b>913,942</b>	<b>422,178</b>	<b>42,960</b>	<b>37,054</b>	<b>5,906</b>

SSA provided information that, from FYs 2010 through 2014, 14.4 percent of final SSI and concurrent allowances received PD payments. Of the cases with PD determinations, only 8.8 percent was denied because of medical ineligibility at the initial level. Some of those denials were later reversed on appeal.<sup>15</sup>

## RESULTS OF REVIEW

From FYs 2010 through 2014, SSA made 422,178 PD determinations where the claimant received between 1 and 6 PD payments. Of these, nearly 90 percent—379,218—received a favorable final determination. However, SSA subsequently denied 42,960 (10.2 percent) because the claimants were found to be ineligible for continuing SSI payments. SSA paid over \$74 million to these denied claimants during the period of PD, of which approximately \$67.7 million could not be recovered because the claimants were medically ineligible and therefore not considered overpaid. The remaining \$6.3 million was paid on claims that resulted in technical denial and was subject to SSA’s overpayment recovery procedures.<sup>16</sup>

The focus of this report is medical denials only. Specifically, we focused our review on the \$67.7 million in PD payments that SSA cannot recover because of medical ineligibility.

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<sup>13</sup> SSA refers to claims denied because of failure to meet the medical requirements for disability as “medical denials.” SSA, *Presumptive Disability Report – Field Office Format*, [http://emis.ba.ssa.gov/emis/emisusers/mgmt/dprv/ssipt\\_enhancements\\_users\\_guide/webhelp\\_published\\_508/pd\\_report\\_fo\\_format.htm](http://emis.ba.ssa.gov/emis/emisusers/mgmt/dprv/ssipt_enhancements_users_guide/webhelp_published_508/pd_report_fo_format.htm) (last visited June 19, 2014).

<sup>14</sup> SSA refers to claims denied based on such non-medical factors as failure to meet the SSI program’s income or resource requirements as “technical denials.” SSA, POMS, SI 00602.001.B.1 (September 11, 2012).

<sup>15</sup> Our analysis was based on the final determination on record at the time of our review. Therefore, we did not account for appeals in process or completed after our review period. Our review focused on the process of making PD determinations at the FO and DDS levels; therefore, rates of appeal, results of appeals, and appeal reversal decisions were beyond the scope of this evaluation.

<sup>16</sup> SSA, POMS, SI 02220.001 (September 18, 2001).

- We found \$60.3 million was paid based on DDS' PD determinations. Of this amount, \$31.5 million was paid based on (1) PD determinations for impairments SSA identified as having limited potential for PD or (2) impairments for which DDS personnel were instructed to exercise caution because of the difficulty in predicting the severity or duration of the impairment.<sup>17</sup>
- The remaining \$7.4 million that could not be recovered because of medical ineligibility was based on PD determinations made by FOs. Further, we found the majority of these PD payments—\$4.6 million—resulted from FO PD determinations made based on symptomatic human immunodeficiency virus (HIV) infection or acquired immunodeficiency syndrome (AIDS) and birth weight from 1,200 to 1,999 grams.

## DDS PD Determinations

Of the 422,178 PD determinations we reviewed, 383,333 (90.8 percent) were made at the DDS level. Our analysis found 38,156 (10 percent) of these claimants received SSI payments totaling \$66.1 million and were subsequently found to be ineligible for continuing SSI payments. Specifically, after the DDS PD determination, SSA denied 32,733 claimants because of medical ineligibility. These claimants received \$60.3 million that cannot be recovered because the payments are not considered overpayments.<sup>18</sup> Of the \$60.3 million paid to claimants who were denied because of medical ineligibility, \$31.5 million was paid based on impairments that SSA identified as having limited potential for PD or impairments for which DDS personnel should exercise caution because of the difficulty in predicting the severity or duration.<sup>19</sup> We focused our review on these categories, as they are areas that SSA has classified as potentially problematic.

- **Mental impairments** — SSA policy allows for PD determinations based on mental impairments only when there is a severe mental deficiency with dependence on others to meet personal care needs or with convincing evidence of prolonged severe psychosis or chronic brain syndrome.<sup>20</sup> SSA's Listing of Impairments outlines 18 distinct mental impairments that have limited PD potential. However, these impairments accounted for over \$20.5 of the \$31.5 million in unrecoverable payments.<sup>21</sup> We found 13 mental impairments had a medical denial rate higher than the 8.5-percent average for all DDS PD determinations

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<sup>17</sup> SSA, POMS, DI 23535.010 B.4 and B.5 (July 27, 2015).

<sup>18</sup> SSA also denied 5,423 claimants because of technical factors, such as failure to meet the income or resource requirements of the SSI program. These claimants received \$5.8 million, which SSA must establish as overpayments and attempt to collect through standard recovery procedures.

<sup>19</sup> SSA, POMS, DI 23535.010.B (July 27, 2015).

<sup>20</sup> SSA, POMS, DI 23535.010.B.5.a (July 27, 2015).

<sup>21</sup> SSA, POMS, DI 26510.015.G.3 (August 24, 2015).

(see Appendix B, Table B–1).<sup>22</sup> Collectively, these 13 impairments accounted for almost \$14.3 million that SSA cannot recover because the claimants were later denied because of medical ineligibility.

We found 5 of the 18 mental impairments with limited PD potential had medical denial rates more than twice the average for DDS PD determinations (see Table 2). Notably, DDS PD determinations made based on drug and alcohol dependence had a combined 72.3-percent medical denial rate and accounted for over \$530,000 in unrecoverable payments. Further, DDS PD determinations made for individuals with a learning disorder had a 22.9-percent medical denial rate and accounted for approximately \$1.1 million in unrecoverable payments.

**Table 2: Mental Impairments with Medical Denial Rate More than Twice the DDS PD Average for FYs 2010 – 2014**

Impairment	DDS PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
Substance Dependence (Drugs)	157	126	80.3	\$243,834
Substance Dependence (Alcohol)	218	145	66.5	\$286,285
Eating and Tic Disorders	97	25	25.8	\$56,110
Borderline Intellectual Functioning	2,191	509	23.2	\$972,033
Learning Disorder	2,635	603	22.9	\$1,089,844

- **Respiratory impairments** — SSA policy dictates that pulmonary function tests are typically needed to determine the limiting effects of respiratory impairments. For this reason, they should not be used as the basis for PD determinations without convincing evidence the claim will be allowed.<sup>23</sup>

Respiratory impairments accounted for \$2.7 of the \$31.5 million in unrecoverable payments. SSA's Listing of Impairments outline 16 respiratory impairments that have limited PD potential.<sup>24</sup> We found nine that had a medical denial rate higher than the 8.5 percent average for all DDS PD determinations.<sup>25</sup> Collectively, these nine impairments accounted for over \$1.7 million that SSA cannot recover because the claimants were later denied because of medical ineligibility (see Appendix B, Table B–2).

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<sup>22</sup> The following mental impairments had a medical denial rate lower than DDS PD average: organic mental disorders; schizophrenic, paranoid, and other psychotic disorders; autistic disorder and other pervasive developmental disorders; speech and language delays; and intellectual disability.

<sup>23</sup> SSA, POMS, DI 23535.010.B.5.b. (July 27, 2015).

<sup>24</sup> SSA, POMS, DI 26510.015.G (August 24, 2015).

<sup>25</sup> The following respiratory impairments had a medical denial rate lower than DDS PD average: chronic pulmonary insufficiency; bronchiectasis; mycobacterial, mycotic, and other chronic persistent infections of the lung; chronic pulmonary heart disease; other infectious and parasitic disorders; lung transplant; and emphysema.

Five of the impairments had a medical denial rate more than twice the average for DDS PD determinations (see Table 3). Most notably, DDSs granted PD payments for nearly 2,400 claimants based on allegations of asthma, which had a 24-percent medical denial rate and accounted for approximately \$1.1 million in unrecoverable payments.

**Table 3: Respiratory Impairments with Medical Denial Rate More than Twice the DDS PD Average for FYs 2010 – 2014**

Impairment	DDS PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
Asthma	2,388	573	24.0	\$1,072,451
Sleep-Related Breathing Disorders	136	31	22.8	\$62,779
Other Disorders of the Respiratory System	1,038	197	19.0	\$351,889
Asbestosis	11	2	18.2	\$4,584
Pulmonary Tuberculosis	63	11	17.5	\$20,040

- **Back impairments** — According to SSA policy, PD determinations should not be made for back impairments unless traumatic spinal cord injury is involved.<sup>26</sup> However, we found SSA made approximately 19,000 PD determinations for 2 impairments that had limited PD potential—curvature of spine and discogenic and degenerative disorders of the back (see Appendix B, Table B-3). These impairments accounted for over \$3.4 million of the \$31.5 million in unrecoverable payments. Both of the impairments had a medical denial rate higher than the 8.5-percent average for all DDS PD determinations, and the rate for curvature of the spine was more than twice the average (see Table 4).

**Table 4: Back Impairment with Medical Denial Rate More than Twice the DDS PD Average for FYs 2010 – 2014**

Impairment	DDS PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
Curvature of the Spine	285	50	17.5	\$82,112

- **Impairments requiring caution** — According to SSA policy, seven specific impairments require that DDS personnel exercise caution when making a PD determination because of the difficulty in predicting the severity or duration.<sup>27</sup> These impairments accounted for \$4.9 of the \$31.5 million in unrecoverable payments (see Appendix B, Table B-4). Of these

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<sup>26</sup> SSA, POMS, DI 23535.010.B.5.c. (July 27, 2015). “Allegations of spinal cord injury must include an inability to move without the use of a walker or bilateral hand-held assistive device for more than 2 weeks (with confirmation of such status from an appropriate medical professional as defined in DI 22505.003 B.1).” (SSA, POMS, DI 11055.231 (July 24, 2014)).

<sup>27</sup> SSA, POMS, DI 23535.010.B.4 (July 27, 2015).

seven impairments, six had a medical denial rate higher than the DDS average of 8.5 percent, including three that had a rate more than twice the DDS average (see Table 5).<sup>28</sup>

**Table 5: Impairments Requiring Caution with Medical Denial Rate More than Twice the DDS PD Average for FYs 2010–2014**

Impairment	DDS PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
Essential Hypertension	1,962	470	24.0	\$808,574
Epilepsy	2,769	611	22.1	\$1,164,488
Peptic Ulcer	78	17	21.8	\$20,402

## FO PD Determinations

The criteria for FO personnel to make PD determinations are substantially more restrictive than the criteria for the DDS.<sup>29</sup> FO personnel may only make PD determinations based on the 15 impairments specified in policy.<sup>30</sup> This list includes only severe and readily observable conditions, several of which require specific evidence or verification from a medical source.

Because of these restrictions, FOs made only 38,845 (9.2 percent) of the 422,178 total PD determinations we reviewed. We found 4,804 (12.4 percent) of these claimants received SSI payments totaling \$7.9 million and were subsequently found to be ineligible for continuing SSI payments. Specifically, after the FO PD determination, SSA denied 4,321 (11.1 percent) claimants because of medical ineligibility. These claimants received payments totaling \$7.4 million, which are not considered overpayments and cannot be recovered.<sup>31</sup>

Of the \$7.4 million paid to claimants who were denied because of medical ineligibility, we found two impairments accounted for \$4.6 million (see Table 6).

- **HIV/AIDS** — SSA policy requires that FOs obtain a form from an approved medical source that confirms the presence of the disease and documents a history of other opportunistic diseases or symptoms or signs of HIV infection.<sup>32</sup> At the FO level, we found nearly half of all claimants who received PD payments based on allegations of HIV/AIDS were later medically denied. Based on the high denial rate, the form may not indicate likely approval for continuing payments. Determinations based on allegations of HIV/AIDS accounted for

<sup>28</sup> The cautioned impairment with a medical denial rate lower than DDS PD average was cirrhosis of the liver.

<sup>29</sup> SSA, POMS, DI 11055.230.B (September 8, 2014).

<sup>30</sup> See Appendix C for a chart of impairments for which FO personnel may make PD determinations. SSA, POMS, DI 11055.231 (July 24, 2014).

<sup>31</sup> SSA also denied 483 claimants due to technical factors, such as failure to meet the income or resource requirements of the SSI program. These claimants received \$480,118, which SSA must establish as overpayments and attempt to collect through standard recovery procedures.

<sup>32</sup> SSA, POMS, DI 11055.241 (July 25, 2014).

over \$3.1 of the \$7.4 million in unrecoverable payments. The rate of medical denial for these determinations was 47.8 percent, more than 4 times higher than the rate of 11.1 percent for FO PD determinations overall.

- **Infant Birth Weight from 1,200 to 1,999 grams** — SSA policy dictates that FOs must obtain a form from an approved medical source that documents the birth weight, gestational age at birth, and other medical conditions to support PD determinations based on this allegation.<sup>33</sup> Enforcement of the requirements is necessary to ensure national uniformity and quality in the documentation of claims in which low birth weight is alleged.<sup>34</sup> Though this information is necessary to substantiate the allegation, it does not identify the impairment's disabling effects or expected duration. Determinations based on allegations of low birth weight accounted for \$1.5 of the \$7.4 million in unrecoverable payments. In addition, the medical denial rate for these determinations was 27.5 percent, more than twice the overall rate of 11.1 percent for all FO PD determinations.

**Table 6: FO PD Determinations for HIV/AIDS and Birth Weight 1,200-1,999 grams for FYs 2010 – 2014**

Impairment	PD Determinations	Medical Denials	Medical Denial Rate (%)	Total Payments	Unrecoverable Payments	Unrecoverable Rate (%)
HIV/AIDS	2,693	1,288	47.8	\$5,687,206	\$3,126,197	55.0
Birth weight 1200-1999g	4,748	1,308	27.5	\$2,928,560	\$1,452,495	49.6
<b>Total</b>	<b>7,441</b>	<b>2,596</b>	<b>34.9</b>	<b>\$8,615,766</b>	<b>\$4,578,692</b>	<b>53.1</b>

## SSA Review of PD Cases

SSA's Offices of Operations and Retirement and Disability Policy reviewed a sample of PD cases we identified that had medical denials. SSA did not provide a detailed analysis of each PD case reviewed. Rather, SSA provided limited and general conclusions on the overall case reviews. Accordingly, we did not validate the conclusions reached on the individual PD cases.

According to SSA, it found that, in many cases, the information available at the time of the PD determination indicated probable impairments that would eventually result in an allowance. When complete documentation was subsequently received, it was insufficient to support a final initial allowance. SSA further stated that some of the determinations appeared to be outside the guidelines for making PD determinations based on the final determination diagnosis. However, the case reviews indicated they were reasonable determinations made based on the allegations, treatment, and previous entitlement history available at the time of the PD determination.

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<sup>33</sup> SSA, POMS, DI 11055.242. (May 14, 2012).

<sup>34</sup> Id.

SSA agreed with our concerns that there were medical denials in almost half of the final determinations for recipients who received a PD determination based on allegations of HIV/AIDS. SSA stated it referred the policy topic to SSA's Office of Medical Policy for further consideration. In addition, during its review of PD cases for infant low birth weight, SSA found some instances where the medical evidence provided to the FO was not accurate.

## **CONCLUSIONS**

The PD determination process is a critical part of the SSI program that provides early payments to the Nation's most needy disability applicants while a final determination is pending. However, PD determinations put Agency funds at risk by allowing payments to be issued to claimants who may not be eligible for continuing payments. While almost 90 percent of claimants who received PD payments based on determinations made from FYs 2010 through 2014 went on to receive a favorable final determination, SSA subsequently denied approximately 10 percent. SSA paid these denied claimants over \$74 million, of which nearly \$68 million cannot be recovered because the claimants were denied because of medical ineligibility.

At the DDS level, \$31.5 (52.2 percent) of the \$60.3 million in unrecoverable payments was issued based on impairments in categories that SSA identifies in policy as requiring caution or having limited PD potential. For FO determinations, \$4.6 (61.5 percent) of the \$7.4 million in unrecoverable payments was issued based on only two impairment categories.

## **RECOMMENDATION**

We recommend SSA evaluate its policy and procedures for PD determinations on impairments that have a medical denial rate that is well outside the national average for all PD determinations. This should include those impairments we identified with the highest medical denial rates, such as substance abuse, HIV/AIDS, and low birth weight.

## **AGENCY COMMENTS**

SSA agreed with our recommendation. The Agency's comments are included in Appendix F.

## OTHER MATTERS

Our analysis of the 117 DDS offices found that 2—Springfield, Missouri, and Covina, California—had the highest rates of medical denials.<sup>35</sup> Specifically, these offices had medical denial rates more than double the DDS average of 8.5 percent and were responsible for over \$4.5 (7.5 percent) of the \$60.3 million in unrecoverable payments made by all 117 DDSs.<sup>36</sup>

Further, over \$2.6 of the \$4.5 million in unrecoverable payments was based on impairments SSA identified as having limited potential for PD or impairments for which DDS personnel should exercise caution because of the difficulty of predicting the severity or duration (see Table 7). Despite specific instructions to limit the use of PD provisions for these impairments, DDS personnel in these 2 offices used them as the basis for 6,498 PD determinations. Of those, 1,385 (21.3 percent) did not meet medical requirements to receive continuing payments.

**Table 7: Usage of Impairments with Limited PD Potential or Impairments Requiring Caution by the Springfield and Covina DDS Offices for FYs 2010 – 2014**

DDS Office	Impairment Category	PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
Springfield	Mental	975	249	25.5	\$401,671
	Respiratory	190	35	18.4	\$46,533
	Back	391	75	19.2	\$139,346
	Caution	289	97	33.6	\$177,791
	<b>Subtotal</b>	<b>1,845</b>	<b>456</b>	<b>24.7</b>	<b>\$765,341</b>
Covina	Mental	3,795	647	17.0	\$1,332,022
	Respiratory	137	42	30.7	\$82,313
	Back	293	98	33.4	\$195,078
	Caution	428	142	33.2	\$271,124
	<b>Subtotal</b>	<b>4,653</b>	<b>929</b>	<b>20.0</b>	<b>\$1,880,537</b>
<b>Total</b>		<b>6,498</b>	<b>1,385</b>	<b>21.3</b>	<b>\$2,645,878</b>

Our analysis of 1,122 FOs found 2--Downtown San Francisco, California, and Near Southwest Chicago, Illinois—were the highest paying FOs in both total and unrecoverable PD payments.<sup>37</sup>

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<sup>35</sup> Some States have only one centralized DDS, while others have a decentralized DDS system that involves multiple DDS locations. SSA, POMS, DI 39572.100 (June 7, 1999). See Appendix D for more information about our analysis of DDS offices.

<sup>36</sup> SSA stated that, subsequent to the period covered by our review, the San Francisco Region highlighted PD reversal rates as an issue of concern during oversight visits and started to see a decline in FY 2015. SSA further stated that the Covina FO conducted refresher training in January 2015, and achieved reductions in the PD reversal rate in FY 2015 compared to the same period in FY 2014. However, since this falls outside the period of our review, we did not verify any initiatives undertaken or the results of such.

<sup>37</sup> See Appendix E for more information about our analysis of FOs.

These 2 offices were responsible for \$649,073 (8.7 percent) of the \$7.4 million in unrecoverable payments made by all 1,122 FOs (see Table 8).

**Table 8: PD Usage by the Downtown San Francisco and Near Southwest Chicago FOs for FYs 2010 – 2014**

Office	PD Determinations	Medical Denials	Medical Denial Rate (%)	Total PD Payments	Unrecoverable Payments
Downtown San Francisco	243	104	42.8	\$840,717	\$405,049
Near Southwest Chicago	631	133	21.1	\$606,407	\$244,024
<b>Total</b>	<b>874</b>	<b>237</b>	<b>27.1</b>	<b>\$1,447,124</b>	<b>\$649,073</b>

Notably, allegations of HIV/AIDS at both of these offices were the cause of a large percentage of medical denials. Specifically, the Downtown San Francisco FO had total unrecoverable PD payments of \$405,049, of which \$404,424 (99.8 percent) was for determinations based on allegations of HIV/AIDS. The Near Southwest Chicago FO had total unrecoverable PD payments of \$244,024, of which \$171,232 (70.2 percent) was for determinations based on allegations of HIV/AIDS. Also of note for the Near Southwest Chicago FO were determinations based on allegations of infants with birth weight from 1,200 to 1,999 grams, which accounted for \$34,771 (14.2 percent) of its unrecoverable payments.

Steven L Schaeffer, JD, CPA, CGFM, CGMA  
Assistant Inspector General for Audit

# *APPENDICES*

## **Appendix A – SCOPE AND METHODOLOGY**

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To accomplish our objectives we:

- Reviewed applicable Federal laws and regulations, and sections of the Social Security Administration's (SSA) policies and procedures related to the presumptive disability (PD) determination process, compassionate allowances, and quick disability determinations.
- Reviewed reports obtained from SSA's Management Information Central system.
- Reviewed prior Office of the Inspector General reports.
- Obtained a file of 422,178 Supplemental Security Income (SSI) claimants from the Supplemental Security Record (SSR) who received a PD payment during Fiscal Years (FY) 2010 through 2014.
  - Calculated the amount paid based on PD determinations.
  - Calculated the amount paid to claimants who were later denied.
- Obtained a file of 913,942 SSI claims identified as having a PD determination, with a final determination made from FYs 2010 through 2014 from SSA's Disability Database System.
  - Matched records from the Disability Database System to the data obtained from the SSR for individuals who received at least one PD payment.
  - Determined whether the State disability determination services or SSA field office made PD determination.
  - Determined the impairment basis for the PD determination using the Primary Diagnosis Code for disability determination services' determinations and the PD impairment for field office determinations.

The entity reviewed was the Office of Disability Determinations. We conducted our review in the Office of Audit in Kansas City, Missouri, between March and June 2015. We determined the data used in this report were sufficiently reliable given the review objectives and its intended use. 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 B – IMPAIRMENTS OF CONCERN WITH HIGHER THAN AVERAGE MEDICAL DENIAL RATES

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The following tables include detailed analysis of the impairments with limited presumptive disability (PD) potential or that require caution that were used as the basis for the disability determination services' (DDS) PD determinations. We focused on those impairments that had a medical denial rate higher than the overall DDS rate of 8.5 percent.

**Table B–1: Mental Impairments with Medical Denial Rate Higher than Average**

Impairment	DDS PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
Substance Dependence (Drugs)	157	126	80.3	\$243,834
Substance Dependence (Alcohol)	218	145	66.5	\$286,285
Eating and Tic Disorders	97	25	25.8	\$56,110
Borderline Intellectual Functioning	2,191	509	23.2	\$972,033
Learning Disorder	2,635	603	22.9	\$1,089,844
Attention Deficit Disorder/Attention Deficit Hyperactivity Disorder	10,351	1,692	16.3	\$3,001,350
Personality Disorder	1,345	198	14.7	\$337,147
Conduct Disorder	775	113	14.6	\$216,392
Oppositional/Defiant Disorder	1,286	183	14.2	\$347,784
Anxiety-Related Disorders	4,668	624	13.4	\$1,164,063
Affective/Mood Disorders	26,095	3,259	12.5	\$6,285,638
Somatoform Disorders	121	14	11.6	\$31,420
Developmental and Emotional Disorders of Newborns and Infants	1,104	122	11.1	\$220,729
<b>Total</b>	<b>51,043</b>	<b>7,613</b>	<b>14.9</b>	<b>\$14,252,629</b>

**Table B–2: Respiratory Impairments with Medical Denial Rate Higher than Average**

Impairment	DDS PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
Asthma	2,388	573	24.0	\$1,072,451
Sleep-Related Breathing Disorders	136	31	22.8	\$62,779
Other Disorders of the Respiratory System	1,038	197	19.0	\$351,889
Asbestosis	11	2	18.2	\$4,584
Pulmonary Tuberculosis	63	11	17.5	\$20,040
Sarcoidosis	206	34	16.5	\$76,352
Cystic Fibrosis	387	61	15.8	\$84,267
Pneumoconiosis	27	4	14.8	\$4,951
Chronic Bronchitis	82	12	14.6	\$23,888
<b>Total</b>	<b>4,338</b>	<b>925</b>	<b>21.3</b>	<b>\$1,701,201</b>

**Table B–3: Back Impairments with Medical Denial Rate Higher than Average**

Impairment	DDS PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
Curvature of the Spine	285	50	17.5	\$82,112
Disorders of the Back (Discogenic/Degenerative)	18,238	1,830	10.0	\$3,324,928
<b>Total</b>	<b>18,523</b>	<b>1,880</b>	<b>10.1</b>	<b>\$3,407,040</b>

**Table B–4: Impairments Requiring Caution with Medical Denial Rate Higher than Average**

Impairment	DDS PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
Essential Hypertension	1,962	470	24.0	\$808,574
Epilepsy	2,769	611	22.1	\$1,164,488
Peptic Ulcer	78	17	21.8	\$20,402
Bone Fractures <sup>1</sup>	3,149	529	16.8	\$1,046,818
Hypertensive Heart Disease	270	39	14.4	\$66,488
Diabetes Mellitus	4,204	589	14.0	\$1,027,411
<b>Total</b>	<b>12,432</b>	<b>2,255</b>	<b>18.1</b>	<b>\$4,134,181</b>

<sup>1</sup> The Bone Fractures category includes impairment codes for fractures of lower limb, fractures of upper limb, and other fractures of bones.

## Appendix C – FIELD OFFICE PRESUMPTIVE DISABILITY CATEGORIES

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Field offices (FO) are authorized to make presumptive disability (PD) determinations only for impairment categories listed in the following chart.<sup>1</sup>

**Table C–1: FO PD Categories Chart**

PD Category
Amputation of a leg at the hip.
Allegation of total deafness.
Allegation of total blindness.
Allegation of bed confinement and immobility without a wheelchair, walker, or crutches <b>due to a longstanding condition</b> . Exclude a recent accident or recent surgery.
Allegation of stroke more than 3 months in the past and continued marked difficulty in walking or using a hand or arm.
Allegation of cerebral palsy, muscular dystrophy, or muscle atrophy and marked difficulty in walking (for example, the use of braces), speaking, or coordination of the hands or arms.
Allegation of Down Syndrome
Allegation of severe mental deficiency made by another individual filing on behalf of a claimant who is at least 7 years of age. This category pertains to individuals with an intellectual impairment or other cognitive impairment who are extremely limited in mental functioning such that they depend upon others for meeting personal care needs (toileting, eating, dressing, or bathing) to a degree that grossly exceeds age-appropriate dependence.
A child has not attained his or her first birthday and the birth certificate or other medical evidence shows a weight below 1200 grams (2 pounds, 10 ounces) at birth.
Symptomatic human immunodeficiency virus infection or acquired immunodeficiency syndrome
A child has not attained his or her first birthday and available medical evidence shows a gestational age (GA) at birth with the corresponding birth-weight indicated: GA: 37-40 weeks, Weight at Birth: Less than 2000 grams (4 pounds, 6 ounces) GA: 36 weeks, Weight at Birth: 1875 grams or less (4 pounds, 2 ounces) GA: 35 weeks, Weight at Birth: 1700 grams or less (3 pounds, 12 ounces) GA: 34 weeks, Weight at Birth: 1500 grams or less (3 pounds, 5 ounces) GA: 33 weeks, Weight at Birth: At least 1200 grams, but no more than 1325 grams (2 pounds, 15 ounces)
<b>NOTE:</b> GA is based on the date of conception. If more than one GA is identified in the medical evidence, the case should be forwarded to disability determination services for consideration of a PD determination.

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<sup>1</sup> SSA, POMS, DI 11055.231 (July 24, 2014).

PD Category
A physician confirms by telephone or in a signed statement that an individual has a terminal illness with a life expectancy of 6 months or less or a physician or hospice official confirms that an individual is receiving hospice services because of a terminal illness.
Allegation of a spinal cord injury producing an inability to move without the use of a walker or bilateral hand-held assistive device for more than 2 weeks (with confirmation of such status from an appropriate medical professional).
Allegation of end stage renal disease requiring chronic dialysis.
Allegation of amyotrophic lateral sclerosis known as Lou Gehrig's disease.

## Appendix D– DISABILITY DETERMINATION SERVICES WITH ABOVE-AVERAGE PRESUMPTIVE DISABILITY MEDICAL DENIAL RATES

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We found 117 disability determination services (DDS) offices that made presumptive disability (PD) determinations during our evaluation period.<sup>1</sup> We calculated the average amount of PD payments—\$4,109,437—and analyzed the 39 offices that paid more than that amount. Of those 39 offices, the 20 shown in Table D–1 had medical denial rates higher than the overall DDS average of 8.5 percent.

**Table D–1: DDSs with Above Average PD Medical Denial Rates**

	Location	PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
1	Springfield, Missouri	3,932	852	21.7	\$1,451,284
2	Covina, California	7,958	1,549	19.5	\$3,059,437
3	Sacramento, California	5,663	918	16.2	\$1,943,908
4	Baton Rouge, Louisiana	3,116	499	16.0	\$842,024
5	Los Angeles, California	3,318	523	15.8	\$1,153,738
6	Glendale, California	4,485	696	15.5	\$1,592,771
7	Roseville, California	3,819	569	14.9	\$1,231,400
8	Stockton, California	3,440	504	14.7	\$1,155,408
9	Wilkes-Barre, Pennsylvania	7,109	940	13.2	\$1,785,571
10	Shreveport, Louisiana	4,528	564	12.5	\$1,045,419
11	Boston, Massachusetts	5,058	618	12.2	\$1,159,072
12	Timonium, Maryland	4,258	517	12.1	\$765,871
13	Orlando, Florida	6,345	720	11.3	\$1,016,468
14	Little Rock, Arkansas	3,885	438	11.3	\$729,576
15	Harrisburg, Pennsylvania	6,881	746	10.8	\$1,291,977
16	Stone Mountain, Georgia	19,176	2,004	10.5	\$3,854,020
17	Oakland, California	3,393	334	9.8	\$766,737
18	Greensburg, Pennsylvania	8,319	769	9.2	\$1,423,090
19	San Diego, California	3,461	298	8.6	\$623,219
20	Madison, Mississippi	16,949	1,455	8.6	\$3,057,536

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<sup>1</sup> Some States have only one centralized DDS, while other States have a decentralized DDS system that involves multiple DDS locations. SSA, POMS, DI 39572.100 (June 7, 1999).

## **Appendix E – FIELD OFFICES WITH ABOVE-AVERAGE PRESUMPTIVE DISABILITY MEDICAL DENIAL RATES**

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We found 1,122 field offices (FO) that made presumptive disability (PD) determinations during the evaluation period. We performed focused analysis on the 39 FOs that paid more than \$137,000, which is 2 standard deviations from the mean rounded up from \$136,475. Of those 39 offices, the 18 shown in Table E–1 had a medical denial rate higher than the 11.1-percent overall FO average.

**Table E–1: FOs with Above-average PD Medical Denial Rates**

	Location	PD Determinations	Medical Denials	Medical Denial Rate (%)	Unrecoverable Payments
1	East New York, Brooklyn, New York <sup>1</sup>	97	42	43.3	\$91,546
2	Downtown San Francisco, California	243	104	42.8	\$405,049
3	Uptown, New York, New York	121	32	26.4	\$63,325
4	New York East, Bronx, New York	112	25	22.3	\$49,232
5	Chicago Heights, Illinois	136	29	21.3	\$58,870
6	Near Southwest Chicago, Illinois	631	133	21.1	\$244,024
7	Las Vegas, Nevada	120	25	20.8	\$47,934
8	San Bernardino, California	113	22	19.5	\$57,989
9	Springfield Ave, Newark, New Jersey	205	37	18.0	\$60,605
10	Bushwick, Brooklyn, New York	119	21	17.6	\$40,213
11	Paterson, New Jersey	133	23	17.3	\$48,613
12	East Memphis, Tennessee	199	33	16.6	\$35,987
13	North Dallas, Texas	245	40	16.3	\$39,462
14	Waukegan, Illinois	102	16	15.7	\$30,523
15	North Las Vegas, Nevada	169	25	14.8	\$68,202
16	Lakewood, California	92	12	13.0	\$34,536
17	Flatbush, Brooklyn, New York	178	22	12.4	\$34,060
18	Inglewood, California	155	19	12.3	\$61,806

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<sup>1</sup> The East New York FO closed effective March 9, 2012.

## **Appendix F – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

#### **MEMORANDUM**

Date: September 11, 2015 Refer To: S1J-3

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

From: Frank Cristaudo /s/  
Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, "Medical Denial Rates for Presumptive Disability Determinations" (A-07-15-15032)--INFORMATION

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

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,  
“SOCIAL SECURITY ADMINISTRATION’S PROCESS FOR PRESUMPTIVE  
DISABILITY DETERMINATIONS” (A-07-15-15032)**

**General Comments**

Thank you for the opportunity to review the draft report. Presumptive Disability (PD) determinations are an important element of our service to our most vulnerable claimants. PD determinations allow Supplemental Security Income (SSI) applicants with impairments, in which we find a high likelihood that the impairment, or combination of impairments, meets our definition of disability or blindness, to receive up to 6 months of payments before a final determination. There are specific circumstances defined in our policy where a field office may make a PD determination, such as when an applicant alleges End Stage Renal Disease on Dialysis. The disability determination services (DDS) also make PD determinations for a range of situations where an allowance is highly likely. While the PD process helps ensure we provide benefits as early in the process as possible, we also use caution in making PDs on certain conditions such as diabetes mellitus and most mental impairments.

**Recommendation 1**

Evaluate policy and procedures for presumptive disability determinations on impairments that have a medical denial rate that is well outside the national average for all presumptive disability determinations. This should include those impairments we identified with the highest medical denial rates such as substance abuse, Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome, and low birth weight.

**Response**

We agree. We will evaluate our policy and procedures for PD determinations.

## **Appendix G – MAJOR CONTRIBUTORS**

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