

# Analysis of Hearing Offices Using Key Risk Factors

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Office of Audit Report Summary

### Objective

To analyze individual hearing office performance using a number of key risk factors developed as part of our January 2013 review, *Identifying and Monitoring Key Risk Factors at Hearing Offices*.

### Background

Administrative law judges (ALJ) and senior attorney adjudicators (SAA) in 169 hearing offices and 5 national hearing centers (NHC) issued over 820,000 dispositions in Fiscal Year (FY) 2012. In conducting this work, ALJs, managers, and staff are expected to adhere to the Office of Disability Adjudication and Review's (ODAR) policies and procedures to ensure each claimant has a fair hearing. The Agency expects its managers to monitor the quality of the hearing process, ensure sufficient resources are directed to key workloads, and address allegations pertaining to deviations from proper case handling.

In an earlier review, *Identifying and Monitoring Risk Factors at Hearing Offices*, we found ODAR had created 19 ranking reports that measured hearing office performance using individual risk factors. However, ODAR had not established a process to rank hearing office performance using a combination of risk factors.

### Our Findings

We developed a model that measured variances among multiple risk factors. The model analyzes performance and outcome data among ALJs in the same office and uses five risk factors: (1) ALJ allowance rates, (2) ALJ dispositions, (3) ALJ on-the-record (OTR) decision rates, (4) ALJ dismissal rates, and (5) ALJ average processing time. While the Agency's monitoring process identified a number of potential workload problems at the time of our review, such as ALJ-specific issues and productivity declines, our model offers another method to evaluate the performance of individual hearing offices.

Using our model and FY 2012 workload data, we identified hearing offices with the highest and lowest variance scores. We believe outlier hearing offices provide ODAR managers with indications of potential processing issues (high-variance) as well as potential best practices (low-variance). We found 4 regions had 20 percent or more of their hearing offices among the 25 high-variance offices, and 4 regions had 20 percent or more of their hearing offices among the 25 low-variance offices. In discussions with ODAR regional managers, we learned that they focused their oversight on individual ALJ performance rather than variances among ALJs in hearing offices as we do in our model.

Finally, our review of the hearing offices with the 10 highest variance scores identified an outlier ALJ who had a significant number of dispositions and OTR decisions with 1 claimant representative. We referred this case to ODAR management for additional review.

### Our Recommendations

1. Determine whether the methodology provided in this report would assist ODAR in monitoring hearing office performance, with the understanding that the number and nature of the risk factors can be adjusted to meet the needs of management.
2. Ensure ODAR's early monitoring system combines existing information on ALJ OTR decisions and case rotation to identify any ALJ who issues a high percentage of OTR decisions with the same claimant representative.

The Agency agreed with the recommendations.