
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**FAILURE TO COOPERATE DENIALS
AND INITIAL CLAIMS BACKLOG AT
THE CALIFORNIA DISABILITY
DETERMINATION SERVICES**

May 2011

A-09-10-21093

AUDIT REPORT



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SOCIAL SECURITY

MEMORANDUM

Date: May 25, 2011 Refer To:

To: The Commissioner

From: Inspector General

Subject: Failure to Cooperate Denials and Initial Claims Backlog at the California Disability Determination Services (A-09-10-21093)

OBJECTIVE

Our objectives were to determine whether the California Disability Determination Services (CA-DDS) (1) incorrectly denied initial claims based on failure to cooperate (FTC) and (2) understated the size and age of its initial claims backlog.

BACKGROUND

Disability determination services (DDS) in each State or other responsible jurisdiction perform disability determinations under the Social Security Administration's (SSA) Disability Insurance and Supplemental Security Income programs. Such determinations are required to be performed in accordance with Federal law and underlying regulations. Each DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations.¹

To receive disability benefits, an individual must meet the non-disability requirements for benefits² and must provide medical evidence of impairment severe enough to preclude work. The DDS considers factors that show how impairment affects an individual's ability to work such as age, education, training, work experience, and ability to perform the activities of daily living. Before a DDS can make a determination, it will develop a complete medical history and make every reasonable effort to obtain medical reports from appropriate medical sources. For example, a DDS can request a claimant to complete a work history and/or function report to collect information about the

¹ Social Security Act §§ 221, 1601 et seq.; 42 U.S.C. §§ 421, 1381 et seq.; 20 C.F.R. §§ 404.1601 et seq. and 416.1001 et seq.

² For Disability Insurance, the non-disability requirements include such factors as sufficient earnings. For Supplemental Security Income, the non-disability requirements include such factors as citizenship, limited income, and resources. 20 C.F.R. §§ 404.130 et seq., 404.315, 416.202, and 416.1100 et seq.

individual's ability to work, function, and perform activities of daily living.³ The claimant is required to cooperate with the DDS in obtaining and identifying evidence about the impairment from medical and non-medical sources. When an individual fails to cooperate, the DDS will make a decision based on the available information.⁴

In February 2009, because of budget concerns, the State of California instituted a 2-day per month employee furlough of State employees.⁵ Beginning in July 2009, California increased the furloughs to 3 days per month.⁶ California ended the furloughs in November 2010 and implemented a 1 unpaid personal leave day per month over the following 12 months.⁷

At a November 19, 2009 hearing before the House Committee on Ways and Means Subcommittee on Social Security, Congressman Bob Filner testified that CA-DDS may have been improperly denying the claims of disability applicants who failed to return a 25-page form within 20 days—a practice that allegedly started because of the employee furloughs. Congressman Filner also testified that CA-DDS might have been concealing its backlog of initial claims by assigning them to fictitious employees.⁸ Subsequently, the Commissioner of Social Security requested that we determine whether CA-DDS was circumventing the effects of its employee furloughs by implementing a practice of incorrectly denying applicants based on FTC and whether CA-DDS was understating the size of its initial claims backlog.

CA-DDS has 11 branch offices and approximately 1,500 employees throughout the State of California. To perform our review, we obtained data for the approximately 165,000 CA-DDS initial disability claim decisions for the period July 1 through December 11, 2009. Of these decisions, approximately 6,600 (4 percent) were FTC denials. Our analysis determined that the Sacramento and Stockton branch offices had the highest FTC denial rates—11 and 6 percent, respectively. The remaining nine branch offices' FTC denial rates were less than 5 percent (see Appendix C). For our audit, we randomly selected 150 FTC denials for review: 50 each from the Sacramento and Stockton branch offices and 50 from the remaining 9 branch offices.

³ SSA, Program Operations Manual System (POMS), DI 23007.005.B.

⁴ SSA, POMS, DI 23007.005.F.

⁵ Executive Order S-16-08 by the Governor of the State of California, December 19, 2008.

⁶ Executive Order S-13-09 by the Governor of the State of California, July 1, 2009.

⁷ Executive Order S-15-10 by the Governor of the State of California, October 7, 2010.

⁸ *Hearing on Clearing the Disability Claims Backlogs: The Social Security Administration's Progress and New Challenges Arising From the Recession: Hearing Before H. Committee on Ways and Means, Subcommittee on Social Security, 111th Cong. (2009)* (statement of The Honorable Bob Filner).

RESULTS OF REVIEW

CA-DDS did not always comply with SSA's policies and procedures for FTC denials. Based on our review of 150 FTC denials, we found that 37 (24.7 percent) did not comply with SSA's policies and procedures (see Appendix C). Specifically, CA-DDS did not

- evaluate and follow up on medical evidence submitted for 18 claimants;
 - 1 who provided sufficient evidence of her disability when she filed her application
 - 9 who submitted valid medical evidence before the FTC denial
 - 8 who submitted the requested information after the FTC denial
- request evidence, when required, for 7 claimants; and
- contact third parties for 12 claimants who required special assistance because of mental impairments.

We also found that CA-DDS branch offices' interpretations of the FTC policies resulted in an inconsistent level of service for disability applicants. We found no evidence that CA-DDS understated the size and age of its initial claims backlog.

The inappropriate FTC denials generally occurred because CA-DDS did not have adequate controls to ensure its employees complied with SSA's policies and procedures. Finally, we found no evidence that the inappropriate denials occurred because of the employee furloughs.

SSA POLICIES AND PROCEDURES FOR FTC DENIALS

A DDS will initially evaluate a claimant's disability based on the evidence submitted with the application for benefits. If a DDS cannot make a determination without additional evidence from the claimant, it will contact the claimant directly, preferably by telephone or mail.⁹ The DDS uses a Work History Report to obtain work experience, a Function Report, a Disability Report, and a Third Party Function Report to collect information about a claimant's ability to function and perform the activities of daily living.¹⁰ A DDS also uses other forms to collect information about claimants' impairments, such as the Pain Report.¹¹

⁹ SSA, POMS, DI 22505.015, (Effective Dates: April 3, 2008 – December 13, 2010). This policy was subsequently replaced by DI 23007.005 in December 2010, which requires claimant contact by telephone if a telephone number was provided.

¹⁰ SSA, POMS, DI 11005.016.

¹¹ Id.

These forms are from 2 to 10 pages,¹² and claimants are provided 10 calendar days to complete and return them.¹³ According to CA-DDS employees, they usually request these forms at the beginning of the claims development process, and a claimant may be required to complete multiple forms. When a claimant fails to respond, DDS employees must consider whether the claimant is incompetent. If a claimant's competence is questionable, DDS employees should consider contacting third parties, an SSA field office, or treating physicians for the information.¹⁴ If a claimant alleges a mental impairment, the DDS must follow up with identified third parties.¹⁵

A DDS may also obtain a consultative examination (CE) to evaluate the claimant's medical condition and capability to work. A CE is required when (1) evidence is not in the claimant's medical records; (2) the claimant cannot obtain the evidence; (3) highly technical or specialized evidence is needed; (4) there is a conflict or insufficiency of evidence that must be resolved; or (5) there is an indication of a change in the claimant's condition. However, before obtaining a CE, the DDS is required to make every reasonable effort to obtain from the claimant's medical source(s) all medical evidence necessary to make a determination.¹⁶

When a claimant fails to provide requested information, the DDS will discontinue developing the evidence since the claimant has demonstrated a failure to cooperate. However, before the DDS makes a determination based on the evidence in file, it must follow up with the claimant or any designated third party if the claimant alleged a mental impairment or is homeless. In addition, the DDS must determine whether the forms are essential for a decision and whether the DDS could obtain the information from other sources.¹⁷

INAPPROPRIATE FTC DENIALS

From our sample of 150 FTC denials, we found that 37 (24.7 percent) were inappropriately denied. Specifically, CA-DDS did not request, develop, and evaluate appropriate medical evidence listed by claimants; always contact claimants or their appointed representatives; and always provide required assistance to claimants with an alleged mental impairment.

¹² SSA, POMS, OS 15020.375, OS 15020.380, OS 15020.381, OS 15020.382.

¹³ SSA, POMS, DI 23007.005.

¹⁴ SSA, POMS, DI 22501.003, (Effective Dates: May 22, 2001–December 13, 2010). This policy was subsequently replaced by DI 23007.005 in December 2010.

¹⁵ SSA, POMS, DI 23007.005.

¹⁶ SSA, POMS, DI 22510.005.

¹⁷ SSA, POMS, DI 23007.005.

Evaluation and Development of Medical Evidence

Sufficient Evidence Provided by a Claimant – A DDS' primary mission is to provide individuals accurate and timely disability determinations.¹⁸ However, we found that CA-DDS incorrectly denied a claimant who provided sufficient evidence of her disability when she filed her application. CA-DDS denied a 57-year-old woman's claim in November 2009 because she did not return the Work History Report. However, our review found that she had no prior work history and therefore the report was unnecessary. In addition, the claimant provided medical evidence that she may have been incapable of working because of limitations caused by her medical condition. When we brought this to CA-DDS' attention, it reopened her claim and reversed the FTC denial to an allowance in August 2010. According to CA-DDS, the incorrect FTC denial occurred because the employee did not accurately evaluate all relevant evidence.

Medical Evidence Development – A DDS is required to consider all evidence obtained when making a disability determination.¹⁹ Upon discovery of potential impairments, the DDS is required to develop the claim to determine whether the impairments result in disability and limit the claimant's ability to work.²⁰

We found that CA-DDS did not evaluate and follow up on material medical evidence for nine claimants. This included (1) medical evidence provided by claimants' treating physicians, (2) medical evidence supplied by the claimants, (3) Medical Evidence of Record (MER) requested and received by CA-DDS, and (4) evidence from a previous claim. We discussed these cases with CA-DDS Program Support Bureau staff responsible for ensuring that claims comply with SSA's policies and procedures. The Program Support Bureau staff agreed that the FTC denials were incorrect because CA-DDS employees did not review all available medical evidence applicable to the claims.

For example, in July 2009, CA-DDS denied a claimant alleging depression and anxiety disorder because he failed to return the Work History Report and Function Report. However, we found that CA-DDS did not evaluate or develop a Medical Source Statement²¹ provided by a valid medical source that indicated the claimant's capacity to work was severely limited by his medical condition. The claimant subsequently filed a reconsideration request after the FTC denial. Upon reconsideration in March 2010, CA-DDS determined the claimant was entitled to disability benefits.

¹⁸ SSA, POMS, DI 00115.001.C.

¹⁹ SSA, POMS, DI 22505.001.

²⁰ SSA, POMS, DI 24505.030.F.

²¹ SSA, POMS, DI 24515.009.

Trailer Material – At times, a DDS will receive medical evidence, evidence of work activity, or other documents after an FTC denial. This evidence is called trailer material. When the DDS receives trailer material, it must evaluate the evidence and determine whether it affects the prior decision, and if necessary, reopen or reverse the denial.²²

We found that CA-DDS did not evaluate trailer material submitted by eight claimants. These claimants provided the requested information, within an average of 10 days after the FTC denial. Two of the eight claimants provided the information on or before the date of the FTC denial decision. Generally, this occurred because CA-DDS did not have adequate controls to ensure its staff reviewed evidence received after the FTC denial decision.

For example, in August 2009, CA-DDS denied a 55-year-old claimant alleging end-stage renal disease because he did not return the Work History and Function Reports. CA-DDS stopped developing his claim and did not follow up to determine whether the claimant had a medical condition that made him eligible for disability. However, the claimant returned all the requested forms 4 days after the FTC denial. When we brought this to CA-DDS' attention, it reopened the claim, reversed the FTC denial, and awarded him benefits in September 2010.

In another example, in October 2009, CA-DDS denied benefits to a claimant because he did not return the Exertion Questionnaire. However, the claimant had returned the Questionnaire 4 days before the FTC denial decision. According to CA-DDS staff, because of a clerical error, it did not review the Questionnaire. CA-DDS reopened the claim, and a decision was still pending as of March 2011.

Obtaining Evidence

Contact with Claimants – A DDS is responsible for examining a claim, determining the evidence needed, and documenting all attempts to obtain evidence.²³ If a claimant has an appointed representative, the DDS should contact the representative with any issues concerning the claim.²⁴ We found that CA-DDS sent a request for information to an incorrect address for one claimant and did not contact an appointed representative for another claimant.

In August 2009, CA-DDS incorrectly denied a claimant for FTC because it had not updated its records with the claimant's current address. The claimant moved from Nevada to California in May 2009 and provided CA-DDS his new address. However, CA-DDS did not update its records and attempted to contact the claimant at his prior address and telephone number. CA-DDS incorrectly sent the Work History and

²² SSA, POMS, DI 22520.001.

²³ SSA, POMS, DI 22501.002.B.

²⁴ SSA, POMS, GN 03910.050.

Function Reports to the claimant's prior address, which the Post Office returned as undeliverable. The claimant subsequently filed a reconsideration request and, in May 2010, the DDS awarded benefits effective November 2009.

In another example, CA-DDS denied a claimant for FTC in July 2009 because the claimant failed to return the Work History and Function Reports. The claimant had an appointed representative; however, CA-DDS did not update its records with this information. As a result, the CA-DDS employee did not contact the appointed representative concerning the requests for information and denied the claimant for FTC.

Medical Evidence – SSA requires that a DDS make every reasonable effort to help claimants obtain medical reports from medical sources. A DDS should consider all evidence in the claimant's file when making a determination. A DDS is responsible for obtaining MER from claimants' treating physicians and following up on outstanding MER requests. A DDS must allow the medical source at least 20 calendar days to reply.²⁵ However, we found that CA-DDS did not request MER for three claimants and did not wait the required time for treating sources to respond for two claimants. The evidence included records for psychiatric evaluations, treatment, therapy, medication, and medical evaluations. We discussed these cases with Program Support Bureau staff, and they agreed that the FTC denials were incorrect because CA-DDS did not request or review the evidence.

Assistance to Claimants with Mental Impairments

A DDS is required to assist claimants who allege a mental impairment.²⁶ When this occurs, a DDS should consider contacting a third party, SSA field office, treating physician, or the claimant.²⁷ We found that CA-DDS staff did not request assistance from third parties for 12 claimants, as required. These claimants had alleged mental impairments including depression, anxiety, and schizophrenia. The claimants had listed authorized representatives, family members, or friends who would provide assistance during the application process. However, CA-DDS did not contact these individuals before denying the claimants for FTC.

For example, in December 2009, CA-DDS denied a 59-year-old claimant who had a history of depression and anxiety disorder because she did not provide information concerning her work history. Although the claimant had listed a third party on her application, CA-DDS did not contact the third party before denying the claimant for FTC. In addition, the claimant subsequently provided the work history information 2 days after the FTC denial. When we brought this to CA-DDS' attention it reopened the claim and reversed the FTC denial to an allowance in July 2010.

²⁵ SSA, POMS, DI 22505.001.

²⁶ SSA, POMS, DI 22501.002.B.

²⁷ SSA, POMS, DI 22501.003.B.2, (Effective dates: May 22, 2001 – December 13, 2010). SSA issued new policy in December 2010 requiring DDS staff to contact designated third parties for claimants alleging mental impairments. DI 23007.005.

INCONSISTENT FTC PRACTICES BY CA-DDS BRANCH OFFICES

SSA's Strategic Goal to improve the speed and quality of its disability process includes an initiative to achieve a consistent policy application. As part of this effort, SSA will identify and resolve important disability policy and procedural issues across all decision-making levels. SSA expects this effort will result in clearer and more consistent policies, procedures, and processes. According to SSA, this effort should also help to address differences and difficulties in applying SSA disability policies and procedures.²⁸

During our review, we found that the 11 CA-DDS branch offices had different interpretations of the FTC policies and procedures. This occurred because CA-DDS employees believed that SSA's policies and procedures did not provide clear instructions for processing FTC cases. Our interviews with CA-DDS management and staff also found that various interpretations of policy and procedures existed. The variances concerned (1) the method and extent of required DDS follow up with claimants for information requests and (2) the scheduling of CEs when claimants do not return forms.

Method and Extent of Follow-up Contacts with Claimants

During our review, the FTC policy did not mandate the method of contact with claimants. The DDS staff could request information by sending a notice or making a telephone call.²⁹ However, CA-DDS management and staff generally believed that telephone calls were more effective and reduced the number of FTC denials because claimants did not always respond to mail requests for information. During our interviews with CA-DDS employees, 45 (65 percent) of 69 stated that telephone calls were more effective in obtaining information; therefore, they usually called claimants. During our review, we found one branch office had established policies requiring a telephone attempt before denying a claim for FTC. Subsequently, in December 2010, SSA revised its FTC policy to require both a telephone and mail follow-up contacts when claimants do not respond to requests for information.³⁰

Scheduling CEs When Claimants Do Not Return Forms

A DDS is required to obtain a CE to evaluate the claimant's medical condition and capability to work when necessary. However, before obtaining a CE, the DDS is required to make every reasonable effort to obtain from the claimant's medical source(s)

²⁸ SSA, Agency Strategic Plan, Fiscal Years 2008-2013, Strategic Goal 2, page 16.

²⁹ SSA, POMS, DI 22505.015, (Effective Dates: April 3, 2008 – December 13, 2010). This policy was subsequently replaced by DI 23007.005 in December 2010, which required claimant contact by telephone if a telephone number was provided.

³⁰ SSA, POMS, DI 23007.005.

all medical evidence necessary to make a determination.³¹ SSA policy also states that if a claimant fails to cooperate by not returning forms, the DDS can discontinue development and prepare a determination based on the evidence in the claimant's file.³² Finally, in September 2009, CA-DDS informed its staff that CEs are not required when a claimant fails to cooperate.

Our interviews with CA-DDS employees found that 46 (67 percent) of 69 disagreed with this policy and would schedule a CE, when deemed necessary, regardless of whether a claimant returned forms. The employees stated that CEs should be scheduled based on whether the information is needed to make a disability determination and not on whether a claimant had returned a form. CA-DDS employees also noted that they could obtain much of the requested information from health care providers, neighbors, or employers. In addition, one branch office adopted a practice of requiring its employees to schedule a CE when claimants failed to return a form.

CONCLUSION AND RECOMMENDATIONS

CA-DDS did not comply with SSA's policies and procedures for 37 (24.7 percent) of the 150 FTC denials. Specifically, CA-DDS did not properly request, evaluate, or develop applicable evidence for claimants. In addition, CA-DDS did not request assistance from third parties for claimants alleging mental impairments. As of March 2011, CA-DDS subsequently allowed benefits for 9 of the 37 claimants, 5 claimants were denied benefits after subsequent reviews, 12 of the FTC denials are pending an additional review by CA-DDS and 11 claimants did not request a reconsideration or an appeal of their FTC denials. Our review also found no evidence that (1) the inappropriate denials occurred because of the employee furloughs or (2) CA-DDS understated the size and age of its initial claims backlog. Finally, we found that CA-DDS branch offices had inconsistent interpretations of the FTC policy.

In December 2010, SSA revised its FTC policy to emphasize the need to use both the telephone and mail to contact claimants when they do not respond to requests for information. However, additional controls and oversight are needed to ensure the proper adjudication of disability claims.

We recommend that SSA:

1. Ensure CA-DDS takes corrective action, as appropriate, for the 37 claimants identified by our audit.
2. Based on the results of the corrective action for the 37 claimants, determine whether it should review the population of 6,654 FTC denials.

³¹ SSA, POMS, DI 22510.005.

³² SSA, POMS, DI 23007.005.

3. Determine whether additional revisions to FTC policies and procedures are necessary.
4. Require that CA-DDS provide training for its employees on the FTC policies and procedures.

AGENCY COMMENTS

SSA agreed with all our recommendations. The Agency's comments are included in Appendix D.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr."

Patrick P. O'Carroll, Jr.

Appendices

[APPENDIX A – Acronyms](#)

[APPENDIX B – Scope and Methodology](#)

[APPENDIX C – Sampling Methodology and Results](#)

[APPENDIX D – Agency Comments](#)

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

Appendix A

Acronyms

CA-DDS	California Disability Determination Services
CE	Consultative Examination
C.F.R.	Code of Federal Regulation
DDS	Disability Determination Services
FTC	Failure to Cooperate
MER	Medical Evidence of Record
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code

Scope and Methodology

We obtained a data extract from the Social Security Administration's (SSA) Disability Data Base (SSA-831) of 164,737 initial disability claims processed by the California Disability Determination Services (CA-DDS) for the period July 1 through December 11, 2009. From this, we identified 6,654 individuals denied benefits based on failure to cooperate (FTC). We selected a random sample of 150 FTC denials for detailed review.

We interviewed 69 randomly selected employees from the 11 CA-DDS branch offices. We also interviewed 30 managers and 11 training coordinators from the 11 branch offices to obtain an understanding of the branch offices' interpretation and implementation of the FTC policies and procedures.

Finally, we interviewed employees from CA-DDS and SSA's San Francisco Regional Office concerning the process of reporting initial claims pending for assignment and decision. Based on initial claims pending data and management reports obtained from SSA and CA-DDS, we verified that the size and age of the initial claims pending was properly reported.

To accomplish our objectives, we:

- Reviewed applicable laws, regulations, and sections of SSA's Program Operations Manual System.
- Interviewed SSA representatives from the San Francisco Regional Center for Disability.
- Reviewed 150 randomly selected FTC denials with staff from the Program Support Bureau responsible for ensuring that cases comply with SSA's policies and procedures.
- Reviewed information from SSA's Electronic Viewing System, Master Beneficiary Record, Modernized Integrated Disability Adjudicative System, Supplemental Security Income Record, Detailed Earnings Query, and Numident for each sample item.
- Interviewed randomly selected employees including Team Managers, Medical Consultants, and Disability Examiner Analysts from each of the 11 CA-DDS branch offices.

We determined the computer-processed data were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data, which allowed us to assess the reliability of the data and achieve our audit objectives.

We performed our audit in Richmond, California, between April 2010 and March 2011. We conducted site visits to branch offices in Fresno, Oakland, Sacramento, and Stockton, California. The entities reviewed were the Office of Retirement and Disability Policy and CA-DDS.

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

Sampling Methodology and Results

We obtained a data extract from the Social Security Administration's (SSA) Disability Data Base (SSA-831) of 164,737 initial disability claims processed by the California Disability Determination Services (CA-DDS) for the period July through December 11, 2009. From this file, we identified 6,654 individuals denied benefits based on failure to cooperate (FTC). We analyzed the frequency of FTC denials for the 11 branch offices of the CA-DDS. As shown in Table 1 below, the Sacramento and Stockton offices had the highest FTC denial rates.

Table 1 – Claims and FTC Denials by Branch

Branch Name	Location	Number of Claim Decisions	Number of FTC Denials	Percent Denied
Oakland	Oakland, CA	9,538	448	4.7
Covina	Covina, CA	17,695	368	2.1
San Diego	San Diego, CA	15,367	365	2.4
Sacramento	Sacramento, CA	16,538	1,852	11.2
Central Valley	Fresno, CA	16,075	676	4.2
Roseville	Roseville, CA	15,417	384	2.5
Los Angeles – West	Los Angeles, CA	14,783	447	3.0
Stockton	Stockton, CA	11,060	699	6.3
La Jolla	La Jolla, CA	17,739	649	3.7
Sierra	Fresno, CA	15,124	399	2.6
Los Angeles – North	Los Angeles, CA	15,401	367	2.4
TOTAL		164,737	6,654	4.0

From the population of 6,654 FTC denials, we randomly selected 50 each from the Sacramento and Stockton offices and 50 from the remaining 9 offices for a total of 150. For each sampled claimant, we determined whether the FTC denial was proper. Of the 150 claimants in our sample, we found that CA-DDS did not comply with SSA's policies and procedures that resulted in 37 (24.7 percent) inappropriate FTC denials. Table 2 provides the details of our population, sample size, and results.

Table 2 – Population, Sample Size, and Results

Description	Sacramento	Stockton	Remaining Offices	Total
Population Size	1,852	699	4,103	6,654
Sample Size	50	50	50	150
Proper Denial	34	40	39	113
Inappropriate Denial	16	10	11	37

Appendix D

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: May 10, 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, "Failure to Cooperate Denials and Initial Claims Backlog at the California Disability Determination Services" (A-09-10-21093)--
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, "FAILURE TO COOPERATE DENIALS AND INITIAL CLAIMS BACKLOG AT THE CALIFORNIA DISABILITY DETERMINATION SERVICES" (A-09-10-21093)

We are pleased you found no evidence of inappropriate denials related to employee furloughs at the California Disability Determination Services (CA-DDS), or that the CA-DDS understated the size and age of its initial claims backlog.

RESPONSES TO RECOMMENDATIONS

Recommendation 1

Ensure the CA-DDS takes corrective action, as appropriate, for the 37 claimants identified by our audit.

Response

We agree. As noted on page 9 of your report, the CA-DDS already reviewed 14 of the 37 cases, allowing 9 and upholding denials for 5. It will review the remaining 23 cases and take corrective actions if appropriate.

Recommendation 2

Based on the results of the corrective action for the 37 claimants, determine whether it should review the population of 6,654 FTC denials.

Response

We agree. We will decide this after the CA-DDS completes its review of the 37 cases.

Recommendation 3

Determine whether additional revisions to FTC policies and procedures are necessary.

Response

We agree and have already taken action. As you note on page nine, in December 2010, we revised procedures in the Program Operations Manual System (POMS) to promote consistent application of failure to cooperate (FTC) policies and to improve the DDSs' ability to gain claimant cooperation earlier. For all cases, we now mandate both telephone and written follow up when a claimant fails to take a requested action, or to confirm if a claimant will attend a consultative examination (CE).

We also sent a letter to all DDS administrators about the revised procedures, and we provided national training using Video on Demand, that included an interactive segment highlighting FTC

policy changes. We expect our efforts will result in the DDSs applying correct FTC policies. This will provide greater protection for claimants.

We consider this recommendation closed for tracking purposes.

Recommendation 4

Require that the CA-DDS provide training for its employees on the FTC policies and procedures.

Response

We agree. The CA-DDS has already taken the following steps:

- Conducted refresher training for all DDS branch offices,
- Developed an FTC Checklist for disability examiners and released accompanying written policy guidance in March 2010,
- Included FTC curriculum in training classes for newly-hired employees,
- Included FTC assessments as part of focused quality reviews, and
- Conducted training on the revised POMS.

We consider this recommendation closed for tracking purposes.

[SSA also provided technical comments, which have been addressed, where appropriate, in the report.]

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

James J. Klein, Director, San Francisco Audit Division

Joseph Robleto, Audit Manager

Acknowledgments

In addition to those named above:

Manfei Lau, Auditor-in-Charge

Regina Finley, Senior Auditor

Andrew Hanks, Program Analyst

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Chairman and Ranking Minority Member, Committee on Oversight and Government Reform
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Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives
Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate
Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate
Chairman and Ranking Minority Member, Committee on Finance
Chairman and Ranking Minority Member, Subcommittee on Social Security Pensions and Family Policy
Chairman and Ranking Minority Member, Senate Special Committee on Aging
Social Security Advisory Board

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

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

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.