MEMORANDUM

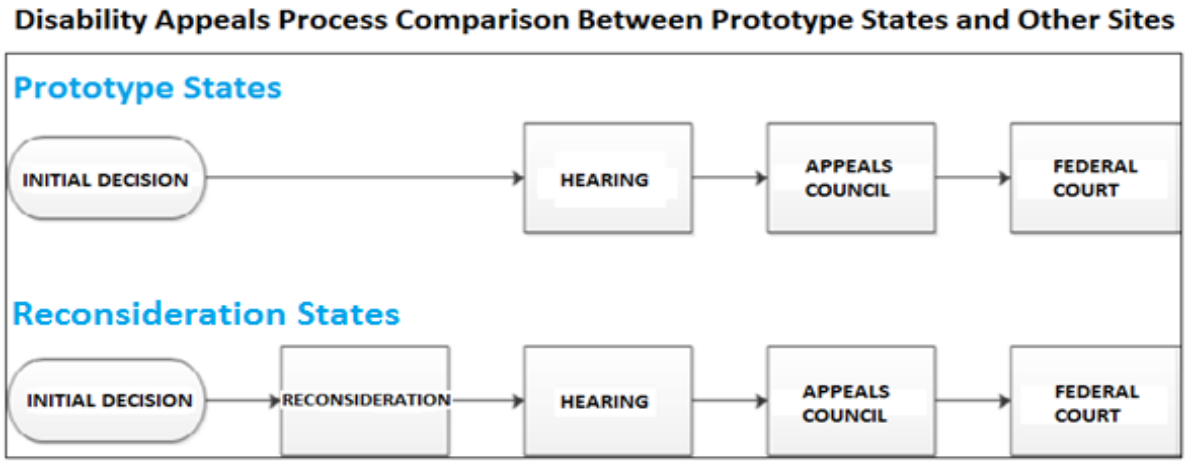
To:	Social Security Advisory Board
Subject:	Background on Prototype States and the Reconsideration Pilot
Date:	February 23, 2015

Introduction

The disability claims process at SSA includes four administrative steps. The initial application, the reconsideration step, the hearings level and the Appeals Council review. Beginning in 1999, SSA eliminated the reconsideration step in 10 states[1] with plans to put more resources towards a better initial determination. The reconsideration pilot was part of a larger experiment by the Social Security Administration (SSA) to improve the disability evaluation process. SSA intended to implement the disability redesign nationwide. After evaluating the prototype, SSA determined that eliminating reconsideration provided some benefits, but led to more appeals and higher costs. Due to the inconclusive results, SSA abandoned plans to adopt the disability redesign nationwide, but continues the prototype in the original 10 states.

SSA's disability appeal process: prototype vs. non-prototype

After receiving an application for disability benefits at the field office, SSA sends the case to a state Disability Determination Service (DDS) for a determination. If the initial disability application is denied, SSA rules provide for three levels of administrative review. The first level is reconsideration by the DDS; the second level is a hearing before an administrative law judge (ALJ); and the third level is a review by the Appeals Council. If the Appeals Council review is denied, the applicant may appeal to federal court. In the 10 prototype states, applicants skip the reconsideration phase and go directly to the hearings level.



[1] Alabama, Alaska, California (LA North and LA West only), Colorado, New York, Louisiana, Michigan, Missouri, New Hampshire, and Pennsylvania

What is the prototype?

On October 1, 1999, the prototype was implemented in the DDSs of 10 states representing approximately 25 percent of the national workload. New features intended to improve operations of the DDSs were introduced in prototype states:

1. a single decision-maker (SDM) position
   - to give disability examiners authority to determine eligibility without requiring physician input
2. claimant conference
   - to allow claimants facing a denial decision another opportunity to provide additional evidence
3. enhanced documentation and explanation (rationale)
   - to require more complete case development and explanation of the disability determination
4. removal of the reconsideration level
   - to eliminate this processing time and make those resources available for use at the initial level

SSA's review of the prototype found that fewer cases were wrongly denied, but processing time and the backlog increased. SSA's reviews of disability determinations indicated that the new process improved the accuracy of initial decisions to deny claims from 92.6 percent to 94.8 percent.[2] Removing the reconsideration step permitted DDSs to redirect their resources so that the individuals who formerly worked on reconsideration claims could work on initial claims. This permitted increased contact with the claimants and improved documentation of the disability determinations. However, initial processing times increased 23 percent from FY 1999 to FY 2001. SSA attributed this to the addition of claimant conferences and enhanced documentation and explanation (rationale). In 1998, prior to the start of the prototype, the number of initial decisions that ended up at the hearings level was 1.4 percentage points higher in the prototype states than in the non-prototype states. By 2007, without reconsideration, the gap had increased to 7.5 percentage points.[3] The increased number of hearings in prototype states led to higher allowance rates and a larger backlog of cases waiting to be heard.

Prototype Implementation

SSA initially planned to implement the prototype nationwide by 2001. Due to mixed results of the prototype, the agency abandoned this plan. SSA eliminated claimant conferences and expanded enhanced documentation nationwide. The prototype continues to operate in the same 10 states, but only the SDM and elimination of reconsideration now distinguish these states.

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[2] http://www.gpo.gov/fdsys/pkg/FR-2001-01-19/pdf/01-1442.pdf
[3] http://www.ssa.gov/legislation/testimony_042710.html

Status of Prototype Features			
Single Decision-maker	**Claimant Conference**	**Enhanced Documentation**	**Elimination of Reconsideration**
The SDM still exists in the prototype states and 10 other states where it was tested independently	Eliminated (2002)	Developed into the electronic Claims Analysis Tool (eCAT), now used nationwide (2009-2011)	The reconsideration step is still skipped in the 10 prototype states but not the rest of the country

Single decision-maker

In SSA's disability programs, the SDM model authorizes disability examiners to make certain initial determinations without requiring a medical or psychological consultant's (MC) signature. The SDM model allows disability examiners to decide when to involve MCs in complex claims. For some claims, such as mental impairment denials, policy requires a MC's signature. SSA intended for the SDM model to allow adjudicating components to use disability examiner and MC resources more effectively and provide faster determinations.

In 1993, SSA proposed allowing disability examiners to make certain categories of disability determinations without a MC's signature. In 1995, after receiving and addressing public comments on this proposal, SSA finalized the rules for the SDM model. From 1996 to 1999, SSA tested the SDM model at select sites and determined the model to be effective. Therefore, the agency started the SDM pilot at 10 DDS sites—referred to in this report as SDM prototype. Later in 1999, SSA expanded the pilot to an additional 10 DDS sites—referred to as SDM II. These 20 DDSs still operate the SDM pilot.[4]

An SSA OIG report[5] found positive user feedback about the SDM model, decreased case processing times for initial disability claims, and no significant difference in decision quality. The report also estimated that the SDM model leads to a 0.61% higher allowance rate. Due to the higher allowance rate, SSA actuaries estimated significant savings to the Trust and General Funds with the gradual termination of the SDM pilot.

Eliminating Reconsideration

Other than having retained the SDM, the primary feature that distinguishes the prototype states is the elimination of reconsideration. Since SSA discontinued claimant conferences and expanded enhanced documentation through eCAT nationwide, there are no additional resources being placed into achieving a correct initial decision in prototype states. With reconsideration having

[4] The Disability Examiner Authority (DEA) which allows disability examiners in all sites to make fully favorable allowance without the approval of a State agency medical or psychological consultation on quick disability determination (QDD) and compassionate allowance (CAL) cases – this authority has been extended to 11/13/2015. https://federalregister.gov/a/2014-20535

[5] http://oig.ssa.gov/audits-and-investigations/audit-reports/A-01-12-11218

been eliminated, there is no longer another step between denial and a hearing before an ALJ. This led to more hearings and a higher allowance rate.

Eliminating reconsideration means fewer hand-offs of cases and fewer administrative steps. By itself, eliminating reconsideration immediately reduced the number of administrative steps and reduced the case processing time by the 70 days previously required to perform the reconsideration step. Given that allowance rates at the reconsideration level are low (less than 10 percent in 2011), many felt this step was a waste of resources. However, eliminating reconsideration led more claimants to appeal to the hearings level where allowance rates tend to be higher. Without a reconsideration step, these cases tended to be less-developed at the hearing level. Since implementation, the overall allowance rate in prototype states has been higher than in reconsideration states.

In 2010, SSA considered whether to reinstate reconsideration in Michigan as a possible first step to reintroducing reconsideration nationwide. Disability applicants in Michigan faced some of the longest waits for a hearing in the country, averaging 559 days from requesting a hearing to receiving a decision—or 762 days from the date of application. SSA argued that uniformity would give all Americans the same appeal rights, would provide a faster first-level appeal, would limit the number of hearings, and would produce better-documented cases for the hearings level. SSA committed to providing funding and the Michigan DDS began hiring new staff. However, Congress requested that the SSA Office of the Inspector General (OIG) examine the impact of this change.

The OIG reported that reconsideration would shorten waits for those who receive awards in reconsideration but lengthen waits for a hearing. The OIG estimated that reconsideration awards would take an average of 276 days from application, but hearing decision would end up taking 915 days. Before SSA was able to follow through with plans to reinstate reconsideration in Michigan, the House Ways and Means Committee held a hearing on the issue. Members pressed Commissioner Astrue and Inspector General O'Carroll about the plan. Nancy Shor, representing disability applicants, testified against reinstating reconsideration in Michigan or anywhere in the country.[6] After members of the committee pressed Commissioner Astrue for more analysis and delay of the plan,[7] SSA scrapped the plan instead.

Conclusion

Since SSA implemented the prototype, reconsideration and the SDM authority remain in limbo, leaving the nation without a consistent disability policy. SSA has analyzed their data and found:

- Eliminating reconsideration saved some money up front, but led to more appeals, less-developed cases at the hearing level, and a higher allowance rate.

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[6] http://waysandmeans.house.gov/media/pdf/111/2010apr27_shor_testimony.pdf
[7] https://levin.house.gov/letter-requesting-analysis-plan-reinstate-reconsideration-level-appeal

- Using the SDM model streamlined the disability determination process without reducing accuracy. However, by correctly assessing a higher disability rate, the SDM model ended up costing more than expected.

While resources freed up by the elimination of reconsiderations at the state level were initially used to create a better initial determination process, the prototype states no longer receive additional funding – a fact that needs to be taken into consideration in evaluating the success or failure of the programs.

In order to evaluate the success or failure of the prototype, a decision needs to be made about what elements to measure and the relative weight of the measures in making an evaluation. SSA and OIG have used a variety of measures to evaluate the program:

1. Allowance rate
2. Accuracy/quality
3. Productivity
4. Processing time
5. Appeal rate
6. DE attrition rate
7. Program costs
8. Claimant satisfaction
9. Nationally consistent program

Any evaluation of the success in the program will need to prioritize the importance of these various measures.

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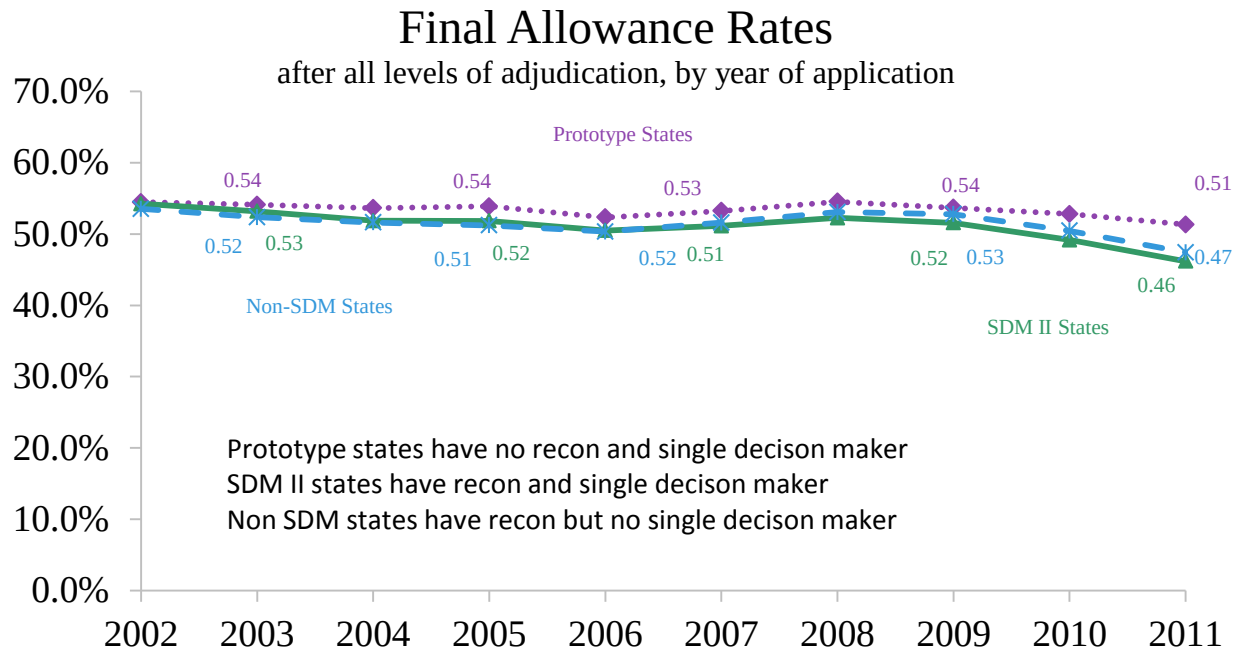
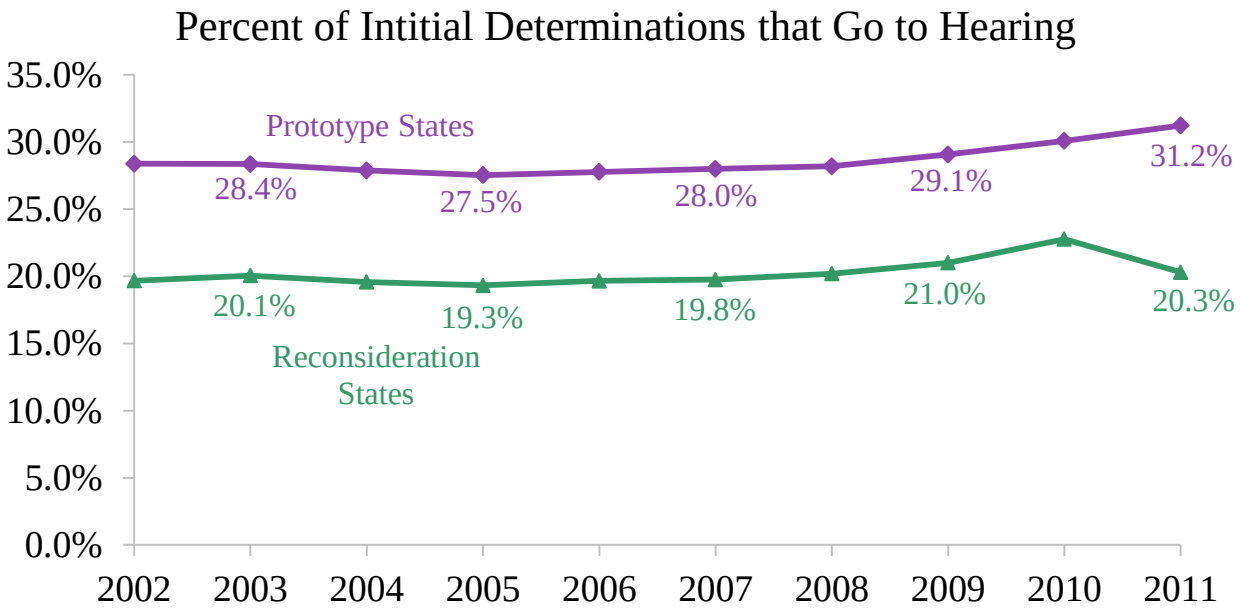
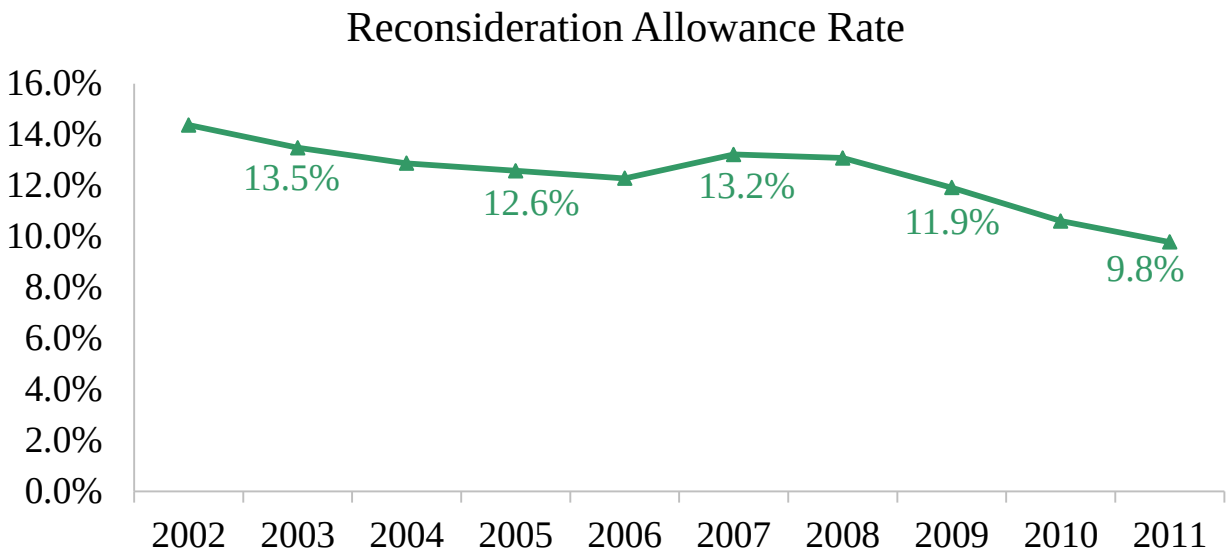
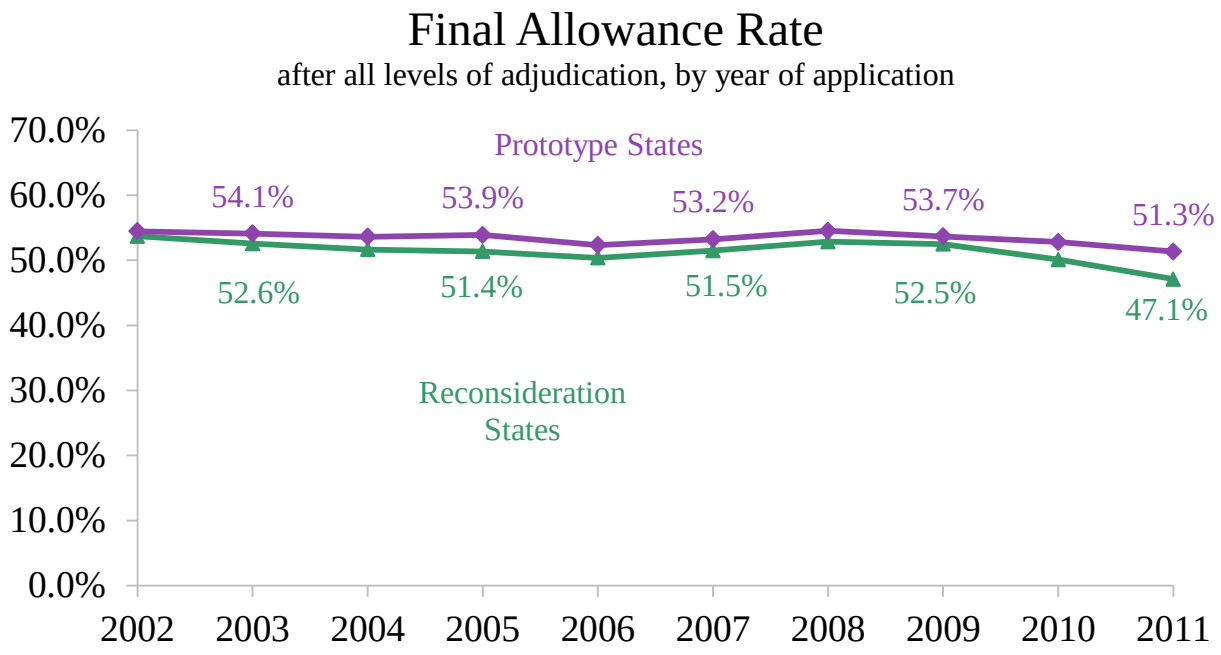
Prototype States Graphs[8]





[8] Graphs are based on SSAB preliminary calculations – data excludes California which operates the prototype in only the Los Angeles North and West DDSs.


Reconsideration Allowance Rate
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
13.5%
12.6%
13.2%
11.9%
9.8%
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011


Final Allowance Rate
after all levels of adjudication, by year of application
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
Prototype States
54.1%
53.9%
53.2%
53.7%
51.3%
52.6%
51.4%
51.5%
52.5%
47.1%
Reconsideration States
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011

A Short History of Disability Redesign leading up to the Prototype

In 1994, SSA released a plan for an improved disability claim process in response to increased DDS caseloads and processing times, and concerns with high reversal rates. The plan included five primary objectives:

- the process is user-friendly for claimants and employees;
- an allowance decision, if applicable, is made as early in the process as possible;
- all disability decisions are made and effectuated quickly;
- the process is efficient; and
- employees find the work satisfying.

In the 1994 plan, SSA proposed an ambitious series of initiatives to improve timeliness, accuracy and customer service. SSA committed to 83 initiatives to be accomplished over 6 years. In 1996, the General Accounting Office (GAO) concluded that SSA's plan was overly ambitious and complex. At that time, SSA had made little progress in meeting its goals, could not demonstrate positive results, and faced difficulty retaining the support of some stakeholders. In response to the urging of GAO and stakeholders, SSA issued a scaled-back disability process improvement plan in 1997. The revised plan contained eight key initiatives.

1997 Initiatives

Initiatives	Description
Near-term	
Single Decision Maker	New decisionmaker position that would give DDS examiner authority to determine eligibility without requiring physician input
Adjudication Officer	New decisionmaker position that would help facilitate the process when an initial decision was appealed
Full Process Model	Process change that would combine the two above positions with a new requirement to interview the claimant before a denial and would eliminate the reconsideration and Appeals Council steps
Process Unification	A series of ongoing initiatives that were intended to promote more consistent decisions across all levels of the process
Quality Assurance	New procedures to build in quality as decisions were made and to improve quality reviews after decisions were made
Long-term	
Disability Claims Manager	New decisionmaker position to combine the disability claims responsibilities of SSA field office personnel with DDS staff
Reengineered Disability (Computer) System	Initiative to develop a new computer software application to more fully automate the disability claims process
Simplified Decision Methodology	Research to devise a simpler method for evaluating and deciding who is disabled

After two years of testing the initiatives, SSA decided to combine the most promising features into a prototype, and evaluate the combination of features.

What happened to the other elements of the Full Process Model?

Claimant Conference

In the beginning of the prototype, claimants who received a denial were offered a claimant conference via telephone or face-to-face. In May 2001, 64 percent of claimants facing denial chose to participate in the claimant conference. This included 72 percent of DI applicants and 61 percent of SSI applicants. In a customer satisfaction survey of claimants, a majority of those who participated in the claimant conference rated their satisfaction with the application process as excellent, very good, or good. Predictably, those who were awarded disability benefits ranked performance higher than those who were denied benefits.[9]

In 2002, SSA decided to end the claimant conference feature of the prototype. SSA estimated that the conferences added 15 to 20 days of processing time and was not as effective as it had hoped in helping claimants understand claims issues.[10] Anecdotal evidence suggested that claimant conferences were leading to higher employee attrition and six of 10 prototypes had above average attrition the year after the prototype was introduced. Claimant conferences were not introduced independently, so it unclear whether this aspect of the prototype is solely responsible.

Enhanced Documentation

After testing out enhanced documentation in the prototype, SSA developed eCAT to electronically manage these requirements. SSA implemented eCAT nationwide between 2009 and 2011 to gather the comprehensive claim decision rationale created at each adjudicative level. eCAT is a Web-based application designed to document the analysis made by a disability adjudicator and ensure all relevant SSA policies are considered during the disability adjudication process. eCAT produces a Disability Determination Explanation that documents the detailed analysis and rationale for either allowing or denying a claim.

According to an SSA OIG report, eCAT resulted in longer processing for determinations at the DDS level but shorter processing times at the ODAR level, promoted the consistent application of policy, had a positive effect on disability examiner training, and reinforced process unification principles; resulted in better documented determinations; and had a positive effect on ODAR work processes.

Initiatives abandoned prior to prototype

The adjudication officer: role was to help claimants understand the hearings process, obtain new evidence, request consultative exams, develop cases for the ALJs, and issue favorable decisions for clear-cut cases.

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[9] http://oig.ssa.gov/sites/default/files/audit/full/html/A-07-00-10055.html
[10] http://www.ssa.gov/legislation/testimony_050202.html

The disability claims manager: role was to act as a DDS disability evaluator and a SSA claimant representative. By vesting these powers in one person, SSA was able to reduce the number of people involved in evaluating a single case and reduce processing time. Disability claims managers reported higher job satisfaction and allowance rates were about the same. However, SSA found that case-processing costs increased and more resources were needed to support a blended federal/state process. SSA discontinued the position in 2001.[11]

[11] http://oig.ssa.gov/sites/default/files/audit/full/html/A-07-00-10055.html