Office of the Inspector General

March 2, 2000

William A. Halter
Deputy Commissioner
of Social Security

Inspector General

The Social Security Administration's Procedures for Presumptive Disability Payments (A-01-98-21005)

Attached is a copy of our final report. The objective of this audit was to determine whether the Social Security Administration's procedures for presumptive disability and presumptive blindness payments are adequate to ensure that Supplemental Security Income funds are paid only in cases where there is a strong likelihood that the claimant will be found disabled.

Please comment on corrective action taken or planned on each recommendation within 60 days from the date of this memorandum. 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.

James G. Huse, Jr.

Attachment

OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

THE SOCIAL SECURITY ADMINISTRATION'S PROCEDURES FOR PRESUMPTIVE DISABILITY PAYMENTS

March 2000 A-01-98-21005

AUDIT REPORT

EXECUTIVE SUMMARY

OBJECTIVE

Our objective was to determine whether the Social Security Administration's (SSA) procedures for presumptive disability and presumptive blindness (PD/PB) payments are adequate to ensure Supplemental Security Income (SSI) funds are paid only in cases where there is a strong likelihood that the claimant will be found disabled.

BACKGROUND

The Omnibus Budget Reconciliation Act of 1990 expanded SSA's authority under the SSI program to make up to six monthly benefit payments on a presumption of disability, before making the formal disability or blindness decision. A decision to allow benefit payments on a presumption of a disability can be made by either the field office (FO) or the Disability Determination Services (DDS), while in all instances, non-medical eligibility is determined by FOs. SSA's FOs can make PD/PB findings only in specific categories of impairments and only when the impairments have been observed directly by SSA personnel and/or verified by medical evidence. State DDS offices can make PD/PB findings in any case where there is a strong likelihood that the claimant will be found to be disabled or blind and allowed SSI benefits in the formal decision.

The Social Security Act specifies that PD/PB payments made to individuals, who are later determined to be "not disabled" due to lack of severity in their impairments or ability to perform gainful work, are not considered overpayments and are not pursued for recovery. However, if presumptive benefits were paid incorrectly due to nonmedical reasons, such as, the individual was living outside the country or had excess income and/or resources when the payments were made, then the presumptive payments are considered to be overpayments by SSA and recovery is sought.

RESULTS OF REVIEW

SSA's procedures are generally adequate for the PD/PB program, but adherence to those procedures in all cases is necessary to prevent improper payments. Our audit consisted of a detailed review of 100 randomly selected cases in which any PD/PB payments were made in fiscal year (FY) 1997. For these 100 cases, SSA made 240 PD/PB payments totaling $84,859. SSA followed its policies and procedures in 94 of the 100 cases in our sample, correctly making 215 presumptive payments totaling $78,680. However, in 6 of the 100 cases, SSA made 25 PD/PB payments totaling $6,179 incorrectly. In all six cases, FO or DDS staff did not follow SSA's rules in determining the claimants' eligibility before making the presumptive payments.

Projecting the results of our sample to the population, we estimate that for FY 1997, SSA paid presumptive benefits of at least $713,156 incorrectly.

Further, in two of the six cases, FO and DDS staff did not confirm or obtain any medical evidence prior to making the presumptive payments. In these two cases, the claimants failed to provide, or assist SSA in obtaining, any medical evidence. Since the DDS staff used medical denial codes in these two cases, SSA did not consider these cases to be overpaid or attempt recovery of the PD/PB payments.

RECOMMENDATION

We recommend that SSA remind staff to follow SSA's guidance in approving PD/PB payments so that such allowances are based on appropriate evidence.

AGENCY COMMENTS

In response to our draft report, SSA agreed to implement our recommendation. (See Appendix B for SSA's comments to our draft report).

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INTRODUCTION

OBJECTIVE

Our objective was to determine whether the Social Security Administration's (SSA) procedures for presumptive disability and presumptive blindness (PD/PB) payments are adequate to ensure Supplemental Security Income (SSI) funds are paid only in cases where there is a strong likelihood that the claimant will be found disabled.

BACKGROUND

Under the SSI program, SSA provides benefits to eligible needy individuals who are aged, blind, or disabled. Prior to paying SSI benefits, SSA must make a formal determination as to whether the claimant is disabled or blind according to SSA's rules. The Social Security Act (Act) defines adult disability as the inability to do any substantial gainful activity[1] because of a medically determined physical or mental impairment. Children under 18 years old are disabled if their physical or mental impairments cause marked and severe functional limitations. These impairments must have lasted or can be expected to last at least 12 consecutive months or will result in death. To be considered blind, an individual's vision may not be better than 20/200 or his or her field of vision must be limited to 20 degrees or less with the best correction. SSA must also determine whether the individual meets all non-medical eligibility requirements. During this initial determination process, the claimant ordinarily receives no SSI payments.

To evaluate disability in adults, Disability Determination Services (DDS) offices consider all evidence to determine the severity of the claimant's impairments and their impact on his or her ability to work gainfully. The medical evidence is comprised of documents such as medical histories, clinical findings, laboratory findings, diagnoses, treatments, prognoses, and medical opinions about what the claimant can still do despite his or her impairments, which have been provided by the claimant's treating physicians, psychologists and others. If needed, SSA obtains additional information through consultative examinations from independent sources.

The treating sources and the consultants do not decide whether the individual is disabled. DDS's evaluation team makes the disability determination based on its

[1] Substantial gainful activity is physical or mental work in which one exerts strength or faculties to do or perform something for pay. Usually, for disabled individuals, work is substantial if gross earnings average over $700 per month after SSA deducts allowable amounts. For blind claimants, the average monthly gross earnings amount is higher.

development[2] of the evidence. DDS staff investigate all avenues presented relating to the claimant's complaints, including daily activities, pain and other symptoms, medications, aggravating and/or precipitating factors, and functional limitations. The disability evaluation process[3] is carried out in a sequential order[4] and each step taken increases the time it takes to make the formal disability determination. At any point in the process the claimant can be found disabled or not disabled and the claim review stops. If the formal decision is that the claimant is disabled and eligible for SSI benefits, SSI payments begin.

The Omnibus Budget Reconciliation Act of 1990 expanded SSA's authority under the SSI program to make up to 6 monthly benefit payments on a presumption of disability, before making the formal disability or blindness decision.[5] The presumptive payment program was designed to help needy claimants meet their basic living expenses while their applications for SSI benefits are being processed. A decision to allow benefit payments on a presumption of a disability can be made by either the field office (FO) or the DDS, while in all instances, non-medical eligibility is determined by FOs. SSA's FOs can make PD/PB findings only in specific categories of impairments and only when the impairments have been observed directly by SSA personnel and/or can be verified by reliable third parties. State DDS offices can make PD/PB decisions in any case where there is a strong likelihood that the claimant will be found to be disabled or blind in the formal decision and allowed SSI benefits.

PD/PB payments end the month SSA makes a formal disability decision on the claim or, if the decision is still pending, the month the sixth payment is made. Also, PD/PB payments stop any month the individual fails to meet any of the non-medical eligibility criteria, such as, when his or her income exceeds set limits. PD/PB payments made to individuals, who are later determined to be "not disabled" under SSA's rules due to lack of severity in their impairments or ability to perform gainful work, are not overpayments. According to Section 1631(a)(4)(B) of the Social Security Act, PD/PB benefits paid prior to the determination of the individual's disability or blindness shall in no event be considered overpayments solely because such individual is determined not to be disabled or blind. However, if presumptive benefits were paid incorrectly due to non-medical reasons, such as, the individual was living outside the country, then the presumptive payments are considered to be overpayments by SSA and recovery is sought.

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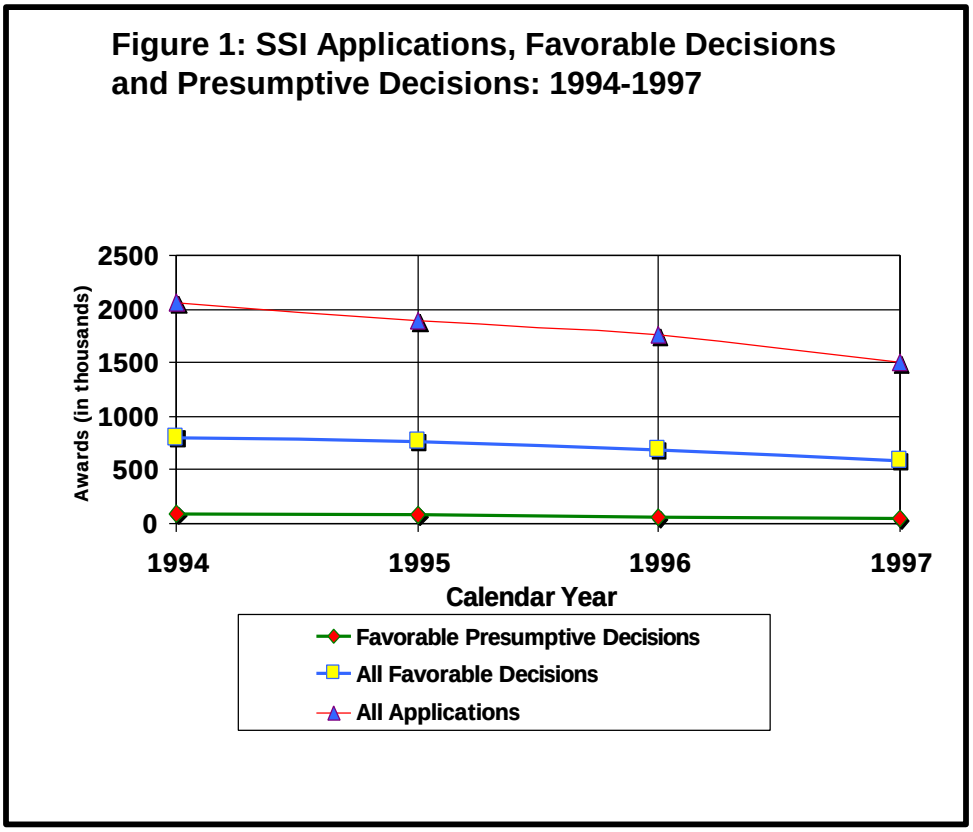
[2] In making disability determinations, DDS staff review and evaluate all of the evidence submitted. These include medical opinions, such as examining and treating relationships of the medical sources to the claimant; or support, consistency, and other factors that the claimant may bring to SSA's or the DDS's attention. DDS staff also apply the same process to opinions of non-examining medical and psychological consultants and other non-examining physicians and psychologists.

[3] The evaluation process includes analyzing each piece of relevant evidence for its sufficiency (that is, completeness and relevance to the determination) and internal consistency, and its interrelationship and consistency with other evidence.

[4] The sequential order followed in determining disability includes: a review of current work activity, a determination of the severity of the claimant's impairment(s), a determination of the claimant's residual functional capacity, a determination of the claimant's past work, and consideration of the claimant's age, education, and work experience. See C.F.R. Ch. II, § 416.920.

[5] Section 1631(a)(4)(B) of the Social Security Act; 42 U.S.C. § 1383 (a)(4)(B).



During recent years, the number of claimants receiving favorable PD/PB decisions has decreased along with the number of SSI applications. For calendar years (CY) 1994 through 1997, the number of individuals receiving favorable PD/PB decisions declined from about 90,900 to 46,500, respectively. Over the same period, the number of SSI applications decreased from about 2,067,900 to 1,498,500 and the number of individuals granted SSI decreased from about 798,800 to 577,900. For CY 1997, the number of favorable PD/PB decisions (46,500) represents approximately 3.1 percent of total SSI disabled and blind claims (1,498,500) processed.

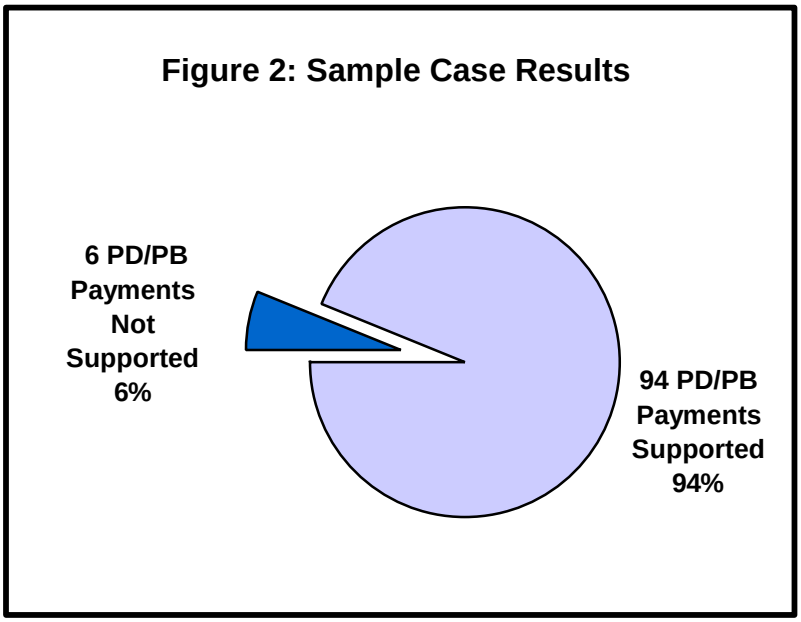
SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed sections of the Act and SSA's rules, regulations, policies and procedures;
- Discussed the presumptive payment program with responsible SSA staff;
- Obtained from SSA's Supplemental Security Record (SSR) data base an extract of 45,830 records of SSI recipients who received PD/PB payments during fiscal year (FY) 1997; and
- Selected a random sample of 100 cases from the 45,830 SSR records extracted, reviewed case folders, and analyzed electronic records of PD/PB payments made (see Appendix A for details on our sampling methodology).

We only reviewed those internal controls related to whether staff processed applications involving PD/PB payments in accordance with SSA's policies and procedures. We conducted our audit between September 1998 and April 1999 in Boston, Massachusetts. We conducted our audit in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW



SSA's procedures are generally adequate for the PD/PB program, but adherence to those procedures in all cases is necessary to prevent improper payments. Our audit consisted of a detailed review of 100 randomly selected cases in which PD/PB payments were made in FY 1997. For these 100 cases, SSA made 240 PD/PB payments totaling $84,859. SSA followed its policies and procedures in 94 of the 100 cases in our sample, correctly making 215 presumptive payments totaling $78,680. However, in 1 case decided by a FO and 5 cases decided by DDS offices, SSA made 25 PD/PB payments totaling $6,179 incorrectly. In all six cases, FO and DDS staff did not follow SSA's rules in determining the claimants' eligibility before making the presumptive payments. Projecting the results of our sample to the population, we estimate that for FY 1997, SSA paid presumptive benefits of at least $713,156 incorrectly.

Further, in two of the six cases, FO and DDS staff did not obtain any medical evidence prior to making the presumptive payments. In these two cases, the claimants failed to provide, or assist SSA in obtaining, any medical evidence. Since DDS staff used medical denial codes in these two cases, SSA did not consider these cases to be overpaid or attempt recovery of the PD/PB payments.

EVIDENCE IN PD/PB CASES

In 1 case decided at a FO and 5 cases decided at DDS offices, FO and DDS staff did not follow established procedures in determining the claimants' eligibility for presumptive payments before making 25 PD/PB payments totaling $6,179. In the final disability determination, SSA found all six claimants ineligible for benefits based on medical eligibility factors. Based on information in the case folders, the FO and DDS staff did not obtain sufficient evidence to prove a strong likelihood of disability before making presumptive payments. In this regard, SSA did not document that the alleged

impairments were currently disabling and indicated a high degree of probability they would meet SSA's disability criteria when all the evidence was obtained.

For example, in one case the DDS made PD/PB payments based on an allegation of mental retardation. The claimant applied for SSI on May 27, 1997 and received the first of two PD/PB payments on July 1, 1997. The claimant's allegation of mental retardation on his application was not supported by information provided during the initial interview or by medical evidence received at the DDS prior to issuance of the first PD/PB payment. This medical evidence indicated a learning disability, not a mental deficiency, which was later confirmed by standard psychological testing. The Disability Worksheet in the case folder indicated that during the month of June 1997 DDS staff took several actions to develop the claimant's disability. Further, the related medical and functional reports show the evidence available prior to the PD/PB payments did not establish a reasonable basis for presuming that the claimant was currently disabled under SSA's rules or that his disability would likely be established when all of the evidence was obtained.

SSA's guidelines state that DDS staff should exercise caution with regard to making presumptive payment decisions in cases alleging mental impairments, due to the difficulty in predicting the severity of mental conditions with the preliminary evidence used for PD/PB decisions. SSA's Program Operations Manual System (POMS)[6] states, "PD decisions in mental disorders will be restricted to situations in which there is convincing evidence of prolonged severe psychosis or chronic brain syndrome. These situations will be rare, because evidence that is this convincing will usually be sufficient for the formal disability determination." In this case, preliminary evidence indicated a learning disability, not mental retardation. Since severe psychosis or chronic brain syndrome was not indicated, in our opinion, the disability did not qualify for presumptive payment under SSA's procedures and the PD/PB benefits should not have been paid.

FAILURE TO PROVIDE MEDICAL EVIDENCE

In two of the six cases above, claimants failed to submit sufficient medical evidence for SSA to make a final disability determination. Despite insufficient medical evidence to warrant a PD/PB finding in each case, SSA paid nine PD/PB payments to these two claimants based on their alleged impairments. The FO made the PD/PB decision in one case where the father alleged the claimant was a low birth-weight child. In the other case, the DDS made the PD/PB decision for an adult whose alleged impairment was mental retardation. SSA's regulations[7] require claimants to prove their disability by providing the evidence necessary to make the disability determination. However, SSA will assist the claimant in obtaining the information, if necessary, such as, by providing consultative examinations from medical and other experts to establish the severity of the disability. Documents in the respective case folders indicate the DDS later made repeated contacts with the responsible parties, but was never able to obtain the requested evidence from them. In these two cases, the records show the responsible

[6] POMS section DI 23535.010
[7] 20 C.F.R. § 416.912

individuals did not cooperate with SSA. SSA's formal decision on these claims was to deny benefits to both claimants based on medical reasons because the available evidence did not establish their disabilities.

In the above two cases, the evidence clearly shows the claimant's parents and the claimant himself, in the respective cases, did not cooperate in providing the medical evidence needed for the DDS to make a final disability determination.

- In the disabled child case, file documents indicate DDS staff requested medical evidence from the hospital where the child was born, but the hospital was unable to locate any clinical records for this child. DDS staff also made numerous attempts to contact the parents to obtain information regarding the child's impairment. However, the parents failed to provide the requested medical evidence needed to support the child's alleged disability.

- In the disabled adult case, evidence in the file shows DDS staff scheduled consultative examinations with medical experts to evaluate the severity of the claimant's impairment, but he did not keep the appointments and then failed to pursue the claim. Again, the claim was denied due to the lack of evidence to support the severity of the claimant's impairment.

Even though the claimants did not provide any medical evidence in these two cases, the claims were denied for medical reasons. As a result, the PD/PB payments were not considered overpayments.

RECOMMENDATION

We recommend that SSA remind staff to follow SSA's guidance in approving PD/PB payments so that such allowances are based on appropriate evidence.

AGENCY COMMENTS

In response to our draft report, SSA agreed to implement our recommendation. In this regard, SSA conducted training (in December 1999) on front-end processing and included a segment on PD/PB claims where FO staff can make PD/PB findings. (See Appendix B for SSA's comments to our draft report).

OIG RESPONSE

While training for FO staff will address part of the condition found during our review, SSA must also remind DDS staff of their responsibilities in making PD/PB decisions.

APPENDICES

SAMPLE RESULTS

Sample Results and Projection	
Population Size	45,830
Sample Size	100
Cases with Unsupported Presumptive Disability Decisions	6
Dollar Projections	
Presumptive Payments Not Supported	$6,179
Projection of Presumptive Payments Not Supported	$2,831,785
Projection Lower Limit	$713,156
Projection Upper Limit	$4,950,414

Note: All precision figures were calculated at the 90-percent confidence level.

APPENDIX B

AGENCY COMMENTS

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) EVALUATION REPORT, "THE SOCIAL SECURITY ADMINISTRATION'S PROCEDURES FOR PRESUMPTIVE DISABILITY PAYMENTS"(A-01-98-21005)

Thank you for the opportunity to review this draft report. Our comments to the recommendations follow.

OIG RECOMMENDATION

Remind staff to follow the Social Security Administration's (SSA) guidance in approving presumptive disability and presumptive blindness (PD/PB) payments so that such allowances are based on appropriate evidence.

SSA COMMENT

We concur with this recommendation. On December 14, 1999, the Office of Disability conducted an interactive video training broadcast on front-end processing, including PD/PBs. The PD/PB segment reviewed the 15 PD/PB categories where claims representatives in the field offices (FO) can make PD/PB findings.

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For additional copies of this report, please contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-01-98-21005.

APPENDIX D

SSA ORGANIZATIONAL CHART