

Testimony

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SSA DISABILITY
REENGINEERING

Project Magnitude and
Complexity Impede
Implementation

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SSA Disability Reengineering: Project Magnitude and Complexity Impede Implementation

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Social Security Administration's (SSA) efforts to redesign its disability claims process. SSA operates two disability programs—the Disability Insurance (DI) and Supplemental Security Income (SSI) programs. While downsizing substantially, SSA has struggled to manage unprecedented growth in applications for disability benefits and in the number of appealed disability decisions. Processing delays at SSA have created hardships for disabled claimants, who often wait more than a year for a final disability decision. In fiscal year 1995, SSA spent about \$3 billion in administrative costs to pay about \$61.3 billion in cash benefits to program recipients.

Concerned about reducing administrative costs, saving time, and improving the quality of service in the disability claims process, SSA's leaders turned to business process reengineering in 1993. Leading private organizations have successfully used such efforts to identify and quickly implement dramatic operational improvements. The objective of reengineering is to fundamentally rethink and radically redesign a business process from start to finish so that it becomes much more efficient and significantly improves service to an organization's customers. SSA's broad-based redesign project, to be completed by 2000, focuses on streamlining the process of determining eligibility for disability benefits by relying more on automation and more efficiently using its workforce.

You asked us to monitor SSA's progress in implementing its redesign project. Today I will discuss issues related to the scope and complexity of the project and the agency's efforts to maintain stakeholder support. In our earlier work, we reported that SSA would face formidable implementation challenges.¹ I will also discuss today some ways that could help SSA increase the likelihood that its project will succeed. My comments are based on information obtained from SSA officials responsible for implementing the redesign project, reengineering experts, and management and employee representatives involved in the disability claims process.

In summary, given the high cost and long processing times of SSA's current process, the agency needs to continue its redesign efforts. Its redesign plan, which undertakes a large number of initiatives at one time, is proving to be overly ambitious, however. Some initiatives are also getting more

¹Social Security Administration: Risks Associated With Information Technology Investment Continue (GAO/AIMD-94-143, Sept. 19, 1994) and Social Security Administration: Major Changes in SSA's Business Processes Are Imperative (GAO/T-AIMD-94-106, Apr. 14, 1994).

complex as SSA expands the work required to complete them. The agency's approach is likely to limit the chances for the project's success and has led to delays in implementation: testing milestones have slipped and stakeholder support for the redesign effort has diminished. In addition, the increasing length of the overall project and individual initiatives heighten the risk of disruption from turnover in key executive positions. We believe that as the agency proceeds with its redesign project it should focus its efforts on key initiatives, proceeding first with those that will quickly and significantly reduce claims processing time and administrative costs.

Background

SSA's disability programs provide cash benefits to people with long-term disabilities. The DI program was enacted in 1956 and provides monthly cash benefits to severely disabled workers. SSI was enacted in 1972 as an income assistance program for aged, blind, or disabled people. The Social Security Act defines disability as an inability to engage in substantial gainful activity due to a severe physical or mental impairment. Both programs use the same criteria and procedures for determining whether the severity of an impairment qualifies an applicant for disability benefits.

Despite efforts to manage its increasing workload with shrinking resources, SSA has not been able to keep pace with program growth. Initial claim levels remain high, appealed case backlogs are growing, and decisions are not being made in a timely manner. In fiscal year 1995, about 2.5 million initial disability claims were forwarded to state offices for disability determinations, an increase of 43 percent over fiscal year 1990 levels. During the same period, the number of applicants requesting an administrative law judge (ALJ) to reconsider a decision denied at the initial claims level escalated from about 311,000 to about 589,000, an increase of 89 percent. Because of the increased workload, in many cases claimants now wait more than a year for a final disability decision.

SSA's Current Eligibility Determination and Appeals Process

SSA's procedures under the current eligibility determination process have not changed significantly since the DI program's inception. The process is slow, labor intensive, and paper reliant. In addition to delays in making disability decisions, SSA spends more than half of its administrative budget on this program—and very little of the process is automated. DI and SSI disability claims pass through from one to five levels of review to receive a decision, depending on the number of appeals a claimant files.

SSA field office personnel assist with completing applications; obtain medical, financial, and work history information; and determine whether applicants meet the nonmedical criteria for eligibility. Field offices forward applicant information along with supporting medical history to 1 of the 54 state disability determination services (DDS), where medical evidence is developed and a final decision made on whether the impairment meets SSA's definition of disability. SSA funds the DDSS, provides them with guidance for making disability decisions, and reviews the accuracy and consistency of their decisions. Claimants who are dissatisfied with an initial determination may request reconsideration by the DDS. Although a reconsideration is conducted by different DDS personnel, the criteria and process for determining disability are the same.

Claimants who disagree with a reconsideration denial have the right to a hearing before 1 of SSA's 1,035 ALJs in the Office of Hearings and Appeals. At these hearings, applicants, usually represented by attorneys, and medical or vocational experts may submit additional evidence. If the ALJ denies the claim, the claimant may then request a review by SSA's Appeals Council. The Appeals Council may affirm, modify, or reverse the ALJ's decision, or it may remand the case to the ALJ for further consideration or development. Finally, either the applicant or SSA may appeal the Appeals Council's decision to a federal district court.

SSA's Vision for the Redesigned Process

In November 1994, SSA released an extensive and complex plan to help turn its vision of a new disability determination process into reality. SSA's redesign plan for improving the process includes 83 initiatives to be implemented during a 6-year period (fiscal year 1995 through 2000).² Thirty-eight of those initiatives were to be completed or to be part of an operational test by September 30, 1996.³

SSA's redesign effort is a major departure from the current labor-intensive, paper-reliant process. Its ultimate goal is to make the disability claims process efficient and user friendly and to allow the agency to make the right decision the first time as quickly in the process as possible. To that end, SSA will rely heavily on information technology and will need to develop a simpler methodology for making disability decisions. Other key elements of the plan involve consolidating the duties, skills, and knowledge of at least two current positions in state and federal offices into

²See Plan For A New Disability Claim Process, SSA (Washington, D.C.: Sept. 1994).

³During fiscal years 1995 and 1996, SSA adjusted the number of near-term initiatives from 40 to 38 and the number of total initiatives for the project from 83 to 80.

one position, allowing the claimant to meet with the decision-maker, and creating a new adjudication officer to expedite decision-making at the appeals level.

Attention to Reengineering Best Practices Increases Likelihood for Project Success

Today's leaders in business process reengineering advocate a variety of approaches and strategies; however, they frequently cite certain best practices that increase the likelihood for success. Reengineering experts have found that when redesign efforts fail to achieve the desired change it is often because project managers paid insufficient attention to these best practices.⁴

Although a redesign project can be large and encompassing, experts suggest segmenting the project and concentrating on completing a few manageable initiatives, or tasks, at any one time. These experts believe that working on a relatively small number of initiatives with measurable performance outcomes at one time gives managers better control over the initiatives and allows a faster response if problems arise or deadlines are not met. They also contend that concentrating on a few initiatives can produce results in a short time frame that can help sustain key stakeholder support.

Furthermore, although the time frame for an overall reengineering project may run from 2 to 5 years, in a government environment, leadership turnover and frequent changes in the public policy agenda necessitate designing the project so that progress on individual initiatives can be made in relatively short time periods. Finally, reengineering best practices call for identifying all stakeholders and working to get and keep their support. Stakeholder support is vital because opposition can jeopardize the redesign effort's success.

Project's Complexity and Scope Pose Problems for Implementation Efforts

The overall complexity and scope of SSA's implementation plan are limiting the redesign effort's progress. In prioritizing its redesign initiatives, SSA chose to work on 38 of them simultaneously—a decision that requires a significant investment in time and resources. Thousands of federal, state, and contractor employees throughout the country are engaged in activities such as designing, developing, testing, and evaluating processes and developing and delivering training programs. Although we identified six

⁴GAO has issued several products that address several of these best practices, and we refer to just a few of them in this work. See *Government Reform: Using Reengineering and Technology to Improve Government Performance* (GAO/T-OCG-95-2, Feb. 2, 1995) and *Business Process Reengineering Guide*, Exposure Draft, Version 1.0, 1995.

discrete tasks that SSA had completed as of July 1996, it has not fully completed or implemented any of the 38 initiatives and is behind schedule in meeting its testing milestones.

Moreover, SSA also has encountered significant challenges in implementing some of the more complex initiatives. For example, SSA considers technology vital to fully realizing the redesign's benefits and has undertaken a technology initiative to more fully automate the processing of disability claims from the first contact with the claimant to the final decision. SSA is purchasing over 50,000 computers, installing a local area network in more than 1,350 office locations, and developing software. Today, completing this key initiative is falling behind schedule because implementation of this software has been delayed by more than 2 years. The delay is due to software development problems and the need for additional testing to assess redesign changes.

Another complex undertaking that will require completion of several supporting initiatives is implementing the disability claim manager (DCM) position. SSA currently plans to place about 11,000 employees in this position. DCMS will be expected to gather and store claim information, develop both medical and nonmedical evidence, share facts about a claim with medical consultants and specialists in nonmedical or technical issues, and prepare well-thought-out decisions. DCMS will be responsible for making the final decision on both medical and nonmedical aspects of a disability claim. Before fully implementing the DCM position, SSA must first provide several critical support features, including technology enhancements and a simpler methodology for making disability decisions—features that SSA does not expect to be available for several years.

Several of SSA's initiatives are beginning to expand in scope and length. For example, the scope of SSA's initiative to achieve consistent adjudication results throughout all stages of the disability process has expanded considerably. Initially, the plan called for developing a single policy manual for use by all SSA and state employees involved in the process. As the agency worked on the initiative, it realized that considerably more effort was required. As a result, SSA expanded this initiative to include (1) conducting the same training for 14,000 decision-makers, including claim representatives, disability examiners, ALJs, doctors, and reviewers; (2) developing a consistent quality review process that balances review of allowances and denials and applies the same standards at all stages of the process; and (3) using medical and vocational expert input. With these

expanded tasks, full implementation has been extended from September 1996 to January 1998 or later.

Although SSA may take many years to fully implement this complex undertaking, experts suggest that individual project initiatives should be completed quickly—generally taking no more than 12 months to implement—to give managers better control over them and allow for a faster response to problems that arise. Achieving measurable results quickly also enables organizations to build stakeholder support for its initiatives and overall redesign project.

Moreover, the cornerstone of any redesign effort is the commitment and long-term availability of its top leaders. Redesign initiatives that take many years to complete face an increased risk—the longer the project takes, the greater the chance that the leadership will change. Turnover typically causes project delays and possible changes in scope and direction. Although SSA recognizes the importance of management stability and continuity to the redesign process, it has already experienced turnover of key executive-level personnel since implementation began.

SSA Challenged to Maintain Stakeholder Support

To the extent possible, managers of redesign projects should seek and secure support from all stakeholders. SSA has tried to involve interested parties in the redesign effort by identifying more than 140 stakeholders, meeting with them to discuss redesign issues, and including them on project task teams and work groups. Although its stakeholders generally support the need for redesign, SSA has had problems getting and keeping support from some of them. In fact, some redesign proposals are beginning to cause major concerns for stakeholders. We found, for example, that SSA's decision to create the DCM position to adjudicate claims raised fears that some employees would lose their jobs. Furthermore, SSA's decision to temporarily promote to a higher pay grade federal employees selected for the position raised a major concern for state employees who would be paid less for the same work.

Conclusions

SSA should be commended for initiating action to significantly improve its disability claims process and should continue its efforts. Since 1993, however, SSA has made limited progress toward fulfilling its redesign goal. Although SSA has begun many of the planned initiatives it expected to complete by September 30, 1996, many are behind schedule and none is far enough along for SSA to know whether specific proposed process

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changes will achieve the desired results. We are concerned that SSA has undertaken too many complex initiatives—some are now lengthy endeavors that are likely to extend the overall project completion date. Before proceeding further, SSA needs to reassess the number of initiatives it is simultaneously undertaking and the time frames for completing them. Because SSA undertook this project to reduce processing time and administrative costs and improve service to the public, it should focus its efforts on fewer initiatives and emphasize those that will have the greatest impact on accomplishing the project goals. SSA should reevaluate the relative priority and contributions to the redesign goals of the remaining initiatives and implement them as resources permit.

Mr. Chairman, this concludes my formal remarks. I will be happy to answer any questions from you and other members of the Subcommittee. Thank you.

Contributors

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