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[Department of Health, Education, and Welfare's Implementation of GAO Recommendations in Report on Rehabilitating Social Security Disability Insurance Beneficiaries]. HRD-77-120; B-164031(4). July 7, 1977. 10 pp.

Report to Rep. James A. Burke, Chairman, House Committee on Ways and Means: Social Security Subcommittee; by Elmer B. Staats, Comptroller General.

Issue Area: Education, Training, and Employment Programs: Programs for Specific Target Groups (1108); Education, Training, and Employment Programs (1100).

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Organization Concerned: Department of Health, Education, and Welfare.

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In a May 13, 1976 report, GAO made recommendations as to rehabilitating disabled social security recipients to the Department of Health, Education, and Welfare (HEW). To determine whether the recommendations were being implemented, interviews were carried out with officials of the Rehabilitation Services Administration, the Social Security Administration, and HEW's Office of the Secretary. Documents relating to HEW's implementation activities were reviewed. Findings/Conclusions: Both the Rehabilitation Services Administration (RSA) and the Social Security Administration have been implementing GAO's 1976 recommendations for administering the Beneficiary Rehabilitation Program. The most significant actions include: conducting program administrative reviews to evaluate program effectiveness and conformity with regulations, policies, and procedures; requiring State rehabilitation agencies to review active cases assigned to the trust fund program to ensure that special selection criteria are properly applied and certified; developing an outreach effort to notify disability beneficiaries of rehabilitation services; providing full-time staff in regional offices to provide technical assistance to the State agencies; introducing a new information system to improve feedback to the State agencies; implementing a training program for coordinators, supervisors, and counselors on basic aspects of the program; and developing plans for a manpower utilization study in both headquarters and regional offices. (DJM)



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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JUL 7 1977

RELEASED

The Honorable James A. Burke
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

Your letter of March 2, 1977, asked us to determine whether the Department of Health, Education, and Welfare (HEW) was implementing the recommendations made in our May 13, 1976, report, "Improvements Needed in Rehabilitating Social Security Disability Insurance Beneficiaries." You also referred to (1) a Rutgers University report which estimated a savings of \$1.17 for each \$1.00 of Social Security trust funds spent on the Beneficiary Rehabilitation Program and (2) a Rehabilitation Services Administration official's statement that there would be a \$2.11 return per \$1.00 spent if the 25-percent error rate identified in the fiscal year 1976 program administrative reviews is assumed. Specifically, you asked whether we believed the 25-percent error rate was valid and whether we believed this information was properly derived.

We interviewed officials of the Rehabilitation Services Administration, the Social Security Administration, and HEW's Office of the Secretary. We also reviewed documents relating to HEW's implementation of our recommendations.

We found that the Rehabilitation Services Administration and Social Security Administration have been acting to implement our 1976 recommendations. Because the agencies received our preliminary findings early in fiscal year 1976, they were able to initiate several corrective actions under the Secretary's fiscal year 1976 operational planning system. However, most of the actions discussed in this letter were included in the fiscal year 1977 system. The operational planning system represents HEW's approach to management-by-objectives. By laying out the short-term steps which should lead HEW to its long-range goals, the system translates planning goals into specific, measurable objectives.

HRD-77-120

The most significant steps taken to strengthen administration of the Beneficiary Rehabilitation Program include:

- Conducting program administrative reviews to evaluate program effectiveness and conformity with regulations, policies, and procedures.
- Requiring that State rehabilitation agencies review all active cases assigned to the trust fund program to assure that the special selection criteria are properly applied and certified.
- Developing an outreach effort to notify disability beneficiaries of rehabilitation services.
- Providing full-time staff in each regional office to provide technical assistance to State agencies.
- Introducing a new information system to improve feedback to the State agencies on referral outcome, refusal of rehabilitation services, and case identification.
- Implementing a training program for coordinators, supervisors, and counselors on basic aspects of the Beneficiary Rehabilitation Program.
- Developing plans for a manpower utilization study in both headquarters and regional offices with the goal of establishing realistic staffing needs.

Although the above actions should help correct many of the deficiencies discussed in our report, their impact on the program's effectiveness in meeting its objectives will not be known until an accurate determination of trust fund savings has been made. The Social Security Administration has not developed an overall approach or timetable to reliably measure the trust fund savings attributable to the program for those cases in which rehabilitation services were instrumental in terminating the beneficiaries' benefits.

Following is a discussion of actions taken to implement our recommendations.

PROGRAM MONITORING

While the Rehabilitation Services Administration had occasionally conducted State agency reviews, there had not been an ongoing comprehensive review of the Beneficiary Rehabilitation Program prior to the completion of our fieldwork. As a result of our recommendation that the Secretary take steps to assure that actuarial assumptions used for attributing savings to the program are consistent with the program's eligibility criteria, instructional materials for making program administrative reviews for fiscal year 1976 were developed. The materials included guidelines and criteria to evaluate program effectiveness and compliance by State rehabilitation agencies with program regulations, policies, and procedures.

The guidelines required interviews with State program officials and reviews of case files in each State. One specific objective of the reviews was to analyze data on individual cases to establish whether the cases conformed to the program's special selection criteria, which must be met before a case may be certified for services with trust funds.

A national report summarizing the results of the fiscal year 1976 reviews has been prepared. The report identifies program deficiencies in State agencies and makes recommendations to the States for program modification to strengthen agency performance. The report concludes that 76 percent of the cases reviewed in the general agencies and 85 percent of the cases in the agencies for the blind met the special selection criteria. For the total cases reviewed, the report shows that the error rate or number of cases not meeting the special selection criteria was about 22 percent, slightly less than the 25-percent error rate quoted by the Rehabilitation Services Administration official.

As for the official's statement that there would be a \$2.11 return per \$1.00 spent if the fiscal year 1976 program administrative review's error rate is assumed. We believe it is not valid to use this error rate to "hypothesize" a cost-benefit ratio. The error rate refers to cases which, in the judgment of the persons making the reviews, did not meet the special selection criteria. The error rate when used in this context is valid. However, it is not compatible with the formula previously used by the Social Security Administration actuary, Rutgers University, and GAO to compute program benefits. The formula is based on cases terminated from the

Social Security Disability Insurance rolls as a result of vocational rehabilitation services. The error rate more aptly applies to the beginning of the rehabilitation cycle (acceptance of the clients for services) while the formula for computing program benefits is based on results achieved after rehabilitation is completed (when the clients' disability benefits are terminated).

The fiscal year 1976 program administrative reviews included an evaluation of cases that were closed "rehabilitated," were closed "not rehabilitated," or were in an active status. Cases in which clients had been terminated from the disability rolls were minimally represented in the fiscal year 1976 reviews. A Rehabilitation Services Administration official stated that a review of cases for clients whose benefits were terminated is being performed along with the fiscal year 1977 reviews.

In addition, each State rehabilitation agency selected the cases included in the 1976 reviews. We believe that a more independent and statistically reliable sample of cases would have been assured if the cases had been preselected by Rehabilitation Services Administration officials from the available universe. A Rehabilitation Services Administration official told us the agency is deciding which cases are to be included in the 1977 program reviews.

Program administrative reviews also include cases selected from the Beneficiary Rehabilitation Program and the Supplemental Security Income--Vocational Rehabilitation Program. The latter program is designed to rehabilitate recipients of supplemental security income benefits who meet special selection criteria so they can become gainfully employed, thus reducing or terminating their payments. The 1976 error rate included the results of cases reviewed from both programs. We believe that more reliable and useful data would be obtained if the results were analyzed for each program, especially in view of the different types of target populations.

Program administrative reviews covering each State agency are currently being performed for fiscal year 1977. The 1977 reviews are designed to focus on current practices in the State rehabilitation agency's Beneficiary Rehabilitation Program in order to assess the impact of the corrective actions recommended as a result of the fiscal year 1976 reviews.

Guidelines require that cases closed as rehabilitated be selected from those closed within 6 months preceding the review and active cases be selected from those certified as eligible within the 6 months prior to the review. In the first quarterly report on the progress of the 1977 reviews, dated April 29, the Rehabilitation Services Administration shows that 81 percent of the active cases and 85 percent of the closed rehabilitated cases met the special selection criteria required before a case can be certified for services with trust funds. These results are based on 19 reviews which have been computerized and analyzed, involving 346 active cases and 324 closed rehabilitated cases. The report cautions that, due to the limited number of agencies reporting to date, the results may change; however, there appears to be improvement over the fiscal year 1976 results.

As previously discussed, a review of fiscal year 1976 cases for clients whose benefits have been terminated is being performed along with the 1977 program reviews. The Social Security Administration has selected a nationwide sample of 1,248 cases. By the end of March 1977, the results from about 100 cases had been received and an official said that it appears that about 34 percent of the cases should not be included in a cost-benefit analysis--that is, rehabilitation services were not instrumental in terminating benefits. The official cautioned that this was only a preliminary figure based on limited returns.

We believe that the results of the review of terminated cases, in conjunction with the 1977 program administrative reviews, should provide a more reliable measurement of program effectiveness and State compliance with program regulations, policies, and procedures than was obtained from the fiscal year 1976 reviews.

In addition to the program administrative reviews, the Rehabilitation Services Administration has also required each State rehabilitation agency to review its active cases assigned to the Beneficiary Rehabilitation Program in fiscal year 1976 to assure that the special selection criteria were properly applied and certified. A Rehabilitation Services Administration official told us that, on the basis of the State agencies' review, about 17 percent of the total Beneficiary Rehabilitation Program cases nationwide were transferred to the basic rehabilitation program. The Rehabilitation Services Administration regional offices also plan to

review a sample of active cases in selected State agencies to assess the reliability of the States' reviews. In its quarterly report, the Rehabilitation Services Administration noted that the higher percentages for closed cases appears to indicate that the 100-percent review of active cases in fiscal year 1976 had a positive impact on the recently closed 1977 cases.

MANPOWER AND TRAINING

We recommended that HEW use program administration funds to enable regional offices to provide adequate technical assistance to States and to adequately staff the program at headquarters.

A full-time professional position for administering the Beneficiary Rehabilitation Program and the Supplementary Security Income-Vocational Rehabilitation Program was assigned to each regional office and a person from the Social Security Administration was designated to work with the Rehabilitation Services Administration staff on the vocational rehabilitation aspects of the programs. In addition, Rehabilitation Services Administration officials said they are developing plans for a manpower utilization study of the headquarters and regional office levels.

Our report also concluded that the Rehabilitation Services Administration had not provided sufficient guidance to State rehabilitation agencies in understanding the program's goals and in interpreting eligibility criteria. The Rehabilitation Services Administration has taken steps to assist State agencies with their training needs, including publishing basic resource materials such as manual chapters on the Beneficiary Rehabilitation Program and the Supplemental Security Income-Vocational Rehabilitation Program, a counselor's handbook, and a training package covering various phases of counselor activities. Headquarters staff are presently training regional office staff in the use of the training package so that the regional staff, in turn, can train State rehabilitation agency personnel, including coordinators, supervisors, and training specialists. Rehabilitation Services Administration officials said they plan to have the regional office training sessions completed by the end of fiscal year 1977.

INFORMATION SYSTEM

Our report concluded that the lack of an adequate management information system resulted in inadequate assessments of program progress and potential and recommended that:

- An information system be jointly developed by the Commissioners of the Rehabilitation Services Administration and the Social Security Administration to measure the effectiveness of the Beneficiary Rehabilitation Program. The system should include controls to insure that only beneficiaries who meet the program's selection criteria are served by State rehabilitation agencies.
- Provisions be made for eligible beneficiaries to receive services up to the time of benefit termination and to be retained in the rehabilitation agencies' active caseloads until then.
- An outreach effort be instituted to notify periodically all disability beneficiaries of what vocational rehabilitation services are available.
- Procedures be established for rehabilitation counselors to send the necessary information regarding beneficiaries who refuse rehabilitation services to Social Security Administration district offices and to require district office personnel to investigate each case to determine whether disability benefits should be withheld.

As previously discussed, actions have been taken to increase program monitoring and establish controls to provide that only beneficiaries who meet special selection criteria are accepted. A new computerized Beneficiary Rehabilitation Program information system, jointly designed by the Rehabilitation Services Administration and the Social Security Administration, was instituted on January 1, 1977. Under the new system, the State rehabilitation agencies and the Social Security Administration exchange information on referrals; the system also provides an orderly process for reporting followup action by one agency to the other, as appropriate, of the disabled individual's status at key stages of his rehabilitation. The system is designed to:

- Provide comparative data to State and Federal agencies on the referral process.
- Assure State rehabilitation agency reporting of case closure information.
- Assure that persons reported to be rehabilitated but whose disability benefits have not been terminated (due to a loss of employment prior to completing the trial work period or a lack of employment at a level sufficient for termination) are brought to the attention of the rehabilitation agencies for consideration of postemployment services.
- Assure that persons who receive disability benefits but who refuse vocational rehabilitation services are reported, that the Social Security Administration takes appropriate action, and that rehabilitation agencies are notified of the results.

A Social Security Administration official said the new information system has generated a large amount of activity concerning the refusal of services but that it is too early to have definitive data on the total cases processed. He stated that, at the end of April 1977, about 2,000 cases had been referred to the Social Security Administration for processing as potential "refusal of services." Processing has been completed on about 10 percent of the cases and benefits have been suspended in 14 cases for refusal of services. At the completion of our fieldwork prior to our May 13, 1976, report, only one beneficiary's benefits were being withheld under the refusal of services provision. The official also said that the regulations concerning the refusal of services are being clarified.

A Social Security Administration official informed us that the outreach system for the Beneficiary Rehabilitation Program has been reviewed and that the agency will soon send notices to all disability insurance and supplemental security income beneficiaries concerning the availability of vocational rehabilitation services. The official said that certain screening criteria will be used so that beneficiaries who are deemed to be least likely to benefit from rehabilitation services will not be notified. The notices provide general information about the availability of the rehabilitation program, types of services provided, and a form to request

additional information about eligibility for rehabilitation services. The official said that present plans call for the mailings to be made annually, with the first mailing scheduled for July or August 1977.

ANALYSIS OF TRUST FUND SAVINGS

Our report recommended that HEW take steps to assure that actuarial assumptions used in attributing savings to the Beneficiary Rehabilitation Program are consistent with the program's eligibility criteria and that HEW accurately determine trust funds savings attributable to the program. We said those cases in which rehabilitation services were not instrumental in terminating benefits should be excluded from savings computations. We concluded that the program has been marginally successful in removing beneficiaries from the social security disability rolls and that, because the actuarial computations included cases in which rehabilitation services were not instrumental in terminating benefits, the savings attributable to the program have been significantly overstated.

In a March 17, 1976, letter commenting on the recommendation in our draft report, HEW stated that information would be provided to the Social Security Administration actuary for computing a yearly cost-benefit analysis. Although much has been done to correct the deficiencies discussed in our report, the Social Security Administration has not developed an overall approach or timetable to reliably measure the trust fund savings attributable to the program.

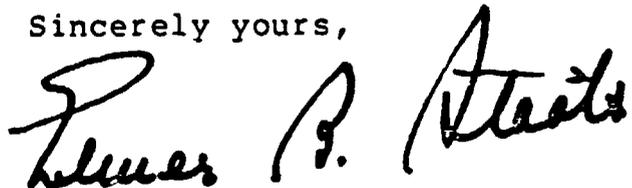
As of March 31, 1977, the responsibility for developing a cost-benefit analysis for the Beneficiary Rehabilitation Program had not yet been formally assigned within the Social Security Administration. The Office of the Actuary is responsible for preparing the savings computations for the program; however, the office's Director told us that he will not prepare another analysis until he is assured of the data's reliability. He said that very little has been done to the data base to increase its reliability since our report was issued. The draft report prepared by Rutgers University also concluded it would be difficult to evaluate the program using the data system currently available because the data base has not been edited, has not been subjected to accuracy tests, and is incomplete. The draft report recommended that a data base suitable for evaluating the program be developed

immediately and that sampling procedures and cross validation checks be instituted to insure the management information system's accuracy.

An official in the Bureau of Disability Insurance, Social Security Administration, said that meetings have been held with representatives of the agency's Office of Research and Statistics, the office most likely to be given responsibility for the cost-benefit analysis, to discuss the basic statistics needed to provide continuing information on savings and costs for the development of a cost-benefit analysis of the program. The official said that although some general agreements had been reached, there is still much disagreement as to the types and amounts of information needed to make an acceptable and useful analysis of the program.

Officials in the Office of Research and Statistics said that even though the responsibility has not yet been assigned, they have begun background studies on the data needs and on controls necessary to assure the data's reliability. These officials said that a cost-benefit analysis for the program would not be available until the new basic information system is working properly so that they could be assured their data was reliable. Using this approach, the officials estimated that a reliable cost-benefit analysis would not be available for about 2 or 3 years.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Luther B. Starks". The signature is written in a cursive style with a large, prominent initial "L".

Comptroller General
of the United States