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SOCIAL SECURITY DISABILITY

SSA Making Progress in Conducting Continuing Disability Reviews



**Health, Education, and
Human Services Division**

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The Honorable Jim Bunning
Chairman
The Honorable Barbara B. Kennelly
Ranking Minority Member
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

In 1997, the Social Security Administration (SSA) paid about \$66 billion to 9.3 million disabled beneficiaries under the Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) programs.¹ To help ensure that only eligible beneficiaries remain on the rolls, SSA is required by law to conduct continuing disability reviews (CDR) for all DI beneficiaries and some SSI disability recipients to determine whether they continue to meet the disability requirements of the law. SSA's regulations call for CDRs to begin as soon as 6 months after benefits are awarded for some beneficiaries, or as long as 7 years after benefits are awarded for other beneficiaries.² However, we have reported on several occasions that, because SSA did not consistently perform required CDRs when due, hundreds of millions of dollars in unnecessary costs were incurred each year, and program integrity was undermined.³ As of fiscal year 1996, about 4.3 million CDRs were due or overdue.

In fiscal year 1996, to reduce the unnecessary costs incurred by not doing CDRs, SSA and the Congress focused on providing funding to conduct overdue CDRs and new CDRs as they become due. SSA developed a plan for a 7-year initiative to conduct about 8.2 million CDRs during fiscal years 1996 through 2002. To fund this 7-year initiative, the Congress authorized a total of about \$4.1 billion. SSA funds state agencies called disability determination services (DDS) to process disability applications and conduct CDR medical reviews in accordance with SSA policies and procedures. On the basis of the Congress' commitment to fund increased CDR workloads, SSA negotiated with the DDSS to increase their efforts to

¹In 1997, about 1 million of the 9.3 million beneficiaries concurrently received both DI and SSI disability benefits because of their low income and resources. Also, as explained in footnote 4, a relatively small number of disability beneficiaries receive disability benefits through the Social Security Old-Age and Survivors Insurance program.

²While the regulations do not state how long a CDR should take to complete after being started, a CDR can take up to 1 year to complete from the time a beneficiary is selected to undergo a CDR, according to SSA.

³See the list of related GAO products at the end of this report.

hire new staff. During fiscal years 1996 and 1997, the first 2 years of SSA's CDR initiative, a total of 1.2 million CDRs were processed.

In March 1998, SSA issued a revised CDR plan that reflected the experience gained during the first 2 years of the CDR initiative and incorporated additional CDRs for certain children receiving SSI disability benefits, as required by a statutory provision enacted after the original CDR plan was developed. Under the new plan, SSA set a goal of 8.1 million CDRs for fiscal years 1998 through 2002 (the last 5 years of the CDR initiative). Including the 1.2 million CDRs already processed during fiscal years 1996 and 1997, SSA plans to process a total of 9.3 million CDRs for the full 7-year period.

You asked that we determine (1) whether SSA's plan to process 8.1 million CDRs during fiscal years 1998 through 2002 will result in CDRs being done for all beneficiaries for whom CDRs are required by law and (2) whether the DDSS' CDR processing capacity and the CDR funding authorized by the Congress for fiscal years 1998 through 2002 will be sufficient to process the CDRs required by law. To develop this information, we interviewed officials from SSA and seven state DDSS about their workloads and priorities; reviewed applicable laws and regulations and relevant SSA documents; and analyzed the process SSA uses to determine which beneficiaries should receive a CDR, including the formulas used to estimate the likelihood that beneficiaries' impairments have improved medically since benefits were awarded. We did not assess the reliability of data provided by SSA. We performed our work from June 1997 through June 1998 in accordance with generally accepted government auditing standards.

Results in Brief

By the end of fiscal year 2002, if SSA completes its new CDR plan as envisioned, all CDRs required by law will be complete or under way, including those that are overdue and those due to be started by the end of fiscal year 2002. When DDSS award disability benefits, they set due dates for starting CDRs, and every month these prescheduled CDR start dates come due for many beneficiaries. However, because CDRs can require up to 1 year to complete from the time beneficiaries are selected for CDRs, many CDRs cannot be completed by the end of the fiscal year in which they become due. SSA estimates that about 835,000 of the required CDRs due to be started in fiscal year 2002 will not be completed by year-end. These CDRs will be completed in fiscal year 2003, according to SSA.

Of the 8.1 million CDRs planned for fiscal years 1998 to 2002, SSA plans to complete 53 percent through brief questionnaires mailed to selected beneficiaries and 47 percent through full medical reviews conducted by DDSS. According to SSA, in formulating its CDR plan, SSA consulted with DDSS to plan caseloads that will not exceed the DDSS' case processing capacity. However, DDSS could potentially encounter additional caseloads not envisioned in SSA's plan. For example, SSA may have to ask DDSS to do more full medical reviews than planned because SSA's ability to use CDR mailers to the full extent planned is not yet certain. For several beneficiary groups, SSA is still working to develop statistical formulas for selecting appropriate mailer recipients. If DDSS have to conduct more full medical reviews to replace CDR mailers, the authorized funds could prove inadequate because full medical reviews cost significantly more than mailers. The authorized funding would be sufficient to perform an estimated 153,000 additional full medical reviews annually in fiscal years 2000 through 2002; however, the potential annual increases in full medical review workloads could substantially exceed that number.

Furthermore, if SSA's assumptions about economic growth and unemployment do not prove accurate or if the test results for SSA's disability process redesign plan are not positive, the volume of initial disability applications and requests for reconsideration of denied applications could potentially be larger than assumed by SSA. If so, DDSS could face even larger backlogs of these non-CDR cases in order to complete CDR full medical reviews in a timely manner. Recognizing the potential uncertainty of the CDR and non-CDR workloads, SSA plans to monitor them closely. SSA acknowledged that its CDR plan may require revisions and that unexpected workload increases, if they occur, could lead SSA to decide to increase the case processing capacity of state DDSS. However, potential barriers to the timely expansion of DDS capacity exist as well, such as shortages of qualified applicants and office space, state hiring freezes, and the time required to train and mentor new staff.

Background

SSA funds a DDS in each state to determine whether disability applicants meet DI and/or SSI disability criteria. For both DI and SSI, the law defines disability in adults as the inability to engage in substantial gainful activity because of a severe physical or mental impairment that is medically determinable and has lasted or is expected to last at least 1 year or result in death. For children under age 18 seeking SSI disability benefits, their impairments must meet the duration requirement and result in "marked and severe" functional limitations. The DI program provides monthly cash

benefits and Medicare eligibility to severely disabled workers. The SSI program provides income assistance and access to Medicaid for blind, disabled, or aged people whose income and resources fall below a certain financial threshold. DI cash benefits are paid from the Federal Disability Insurance Trust Fund.⁴ SSI cash benefits are paid from general tax revenues.

SSA personnel in one of SSA's 1,300 field offices conduct the initial interview with disability applicants to determine their nonmedical eligibility on the basis of income, resources, and work history. SSA personnel also record information on each applicant's disability; medical treatments; and names, addresses, and telephone numbers of the individual's doctors and other providers of medical services. Similarly, when SSA identifies which current disability beneficiaries must undergo full medical CDRs, field office personnel contact the beneficiaries to obtain current information on their financial status, work activity, disability, medical treatments, doctors, and other medical service providers. SSA field offices also process other types of cases, such as applications for Social Security retirement benefits and SSI old-age benefits.

If field offices find that applicants, or beneficiaries undergoing CDRs, do not meet the nonmedical eligibility requirements, the field offices deny the applications or, in the case of CDRs, terminate benefits. However, when such individuals do meet the nonmedical eligibility requirements, the field offices forward their cases to state DDSS for medical disability determinations. For initial applications, DDSS either deny or award benefits to the applicant. For CDRs, DDSS either terminate or continue the beneficiary's benefits. To make these determinations, DDSS request medical records from the individual's treating physicians and other medical treating sources. If treating sources do not provide sufficient evidence to make a decision, DDSS may schedule the individual for medical and/or psychological examinations with consulting physicians. If a DDS denies an initial disability application or terminates the benefits of a current beneficiary, the individual may ask the DDS to reconsider the initial

⁴Most disabled Social Security beneficiaries are disabled insured workers who receive benefits through the DI program on the basis of their own earnings record. However, as of 1997, about 889,000 Social Security disability beneficiaries were disabled surviving spouses and disabled adult children who qualified for disability benefits on the basis of the earnings record of an insured spouse or parent. Many of these disabled surviving spouses and adult children receive their disability benefits through the Social Security Old-Age and Survivors Insurance (OASI) program, not the DI program. OASI disability benefits for disabled surviving spouses and disabled adult children are paid from the Old-Age and Survivors Trust Fund. To receive OASI disability benefits, surviving spouses and adult children must meet the DI program's disability criteria, and they also are subject to the requirement for CDRs. For simplicity, our report refers to all disabled Social Security beneficiaries (in both DI and OASI) as "DI beneficiaries."

decision and, if denied again, appeal to an administrative law judge and ultimately to a federal court.

SSA Accumulated a CDR Backlog Over an Extended Period

In 1980, because of concerns about the effectiveness of the CDR process and growing disability rolls, the Congress enacted a law requiring CDRs at least once every 3 years for all DI beneficiaries whose disabilities are not considered permanent and at intervals determined appropriate by SSA for DI beneficiaries whose impairments are considered permanent (see app. I for a detailed history of laws requiring CDRs and SSA's difficulties conducting these CDRs). Fourteen years later, in 1994, the Congress established the first statutory requirement for SSI CDRs, requiring CDRs for a relatively small proportion of SSI beneficiaries.⁵ Welfare reform legislation enacted in August 1996 focused on CDRs for SSI children.⁶ This legislation required that SSA (1) conduct CDRs at least once every 3 years for SSI children under age 18 if their impairments are not considered permanent and for infants during their first year of life if they are receiving SSI benefits due to low birth weight and (2) review the cases of all SSI children beginning on their 18th birthdays to determine whether they are eligible for disability benefits under adult disability criteria. The redeterminations for 18-year-olds are considered part of the CDR workload.

Under regulations issued by SSA in 1986, when DDSS award or continue DI or SSI disability benefits, the DDSS must set dates (called "diary" dates) at which CDRs are due to start. To set these CDR start dates, DDSS assess the beneficiary's potential for medical improvement on the basis of impairment and age. Beneficiaries whose impairments are not considered permanent are classified as either "medical-improvement-expected" or "medical-improvement-possible," and those whose impairments are considered permanent are classified as "medical-improvement-not-expected." When benefits are awarded or continued, those beneficiaries classified as medical-improvement-expected are scheduled to have a CDR started within 6 to 18 months; those classified as medical-improvement-possible, within 3 years; and those classified as medical-improvement-not-expected, within 5 to 7 years.

Although the regulations require DDSS to set CDR due dates, budget reductions in the late 1980s led to DDS staff reductions that hampered efforts to conduct CDRs in accordance with these due dates. DDS staffing

⁵SSA issued regulations in 1986 stating its policy of conducting CDRs for SSI disability beneficiaries with the same frequency as it conducts CDRs for DI beneficiaries.

⁶See the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193).

levels began to increase in 1991; however, DDS resources were diverted away from CDRs to process large increases in initial disability claims. By fiscal year 1996, SSA had about 4.3 million DI and SSI CDRs due or overdue according to the diary dates set by DDSS.

In 1996, SSA developed its original 7-year plan to conduct 8.2 million CDRs during fiscal years 1996 through 2002, and the Congress authorized a total of about \$4.1 billion to fund the plan. With this funding commitment, SSA negotiated with DDSS to increase their efforts to hire and assimilate additional staff who, after 12 to 18 months of training and mentoring, are expected to be ready to process initial disability determinations, freeing more senior disability examiners to process CDRs. From fiscal years 1996 to 1997, DDS workyears expended nationwide increased from 12,936 to 14,118. The budgeted DDS workyears for fiscal years 1998 and 1999 are 14,778 and 14,384, respectively.⁷

In March 1998, SSA issued a new plan for fiscal years 1998 to 2002 that increased the CDR workload goal from 7.1 million to 8.1 million CDRs for the last 5 years of the CDR initiative. SSA prepared the new plan because, among other reasons, the original plan did not include DI CDRs for disabled workers over age 58 or for the disabled surviving spouses or disabled adult children of insured workers. Also, SSA had to revise the plan to include SSI CDRs for certain disabled children and SSI eligibility redeterminations for 18-year-olds as required by the 1996 welfare reform law. The new plan also took into account DDSS' higher completion rate for CDR full medical reviews than SSA had estimated could be completed during the first 2 fiscal years (1996-1997) of the CDR initiative. Not only did DDSS surpass their 1996 and 1997 CDR goals by over 77,000 (13 percent), they also completed over 224,000 of the SSI childhood eligibility redeterminations that the 1996 welfare reform law had added to their fiscal year 1997 workload.

SSA Developed CDR Mailer Questionnaire to Improve Cost Effectiveness of CDR Process

CDR full medical reviews are costly (about \$800 each in fiscal year 1996) because they involve a labor-intensive process: (1) SSA headquarters personnel determine that a CDR is due and notify the SSA processing center; (2) personnel at the processing center locate the beneficiary's file and send it to the appropriate SSA field office; (3) field office personnel contact the beneficiary, conduct a lengthy interview, and send the file to the appropriate DDS; (4) the DDS requests medical records from the

⁷The budgeted DDS workyears decrease from fiscal year 1998 to fiscal year 1999 because, while the DDS full medical review workload for 1999 is scheduled to be larger than the 1998 workload, other DDS workloads are expected to decrease sufficiently to result in a net workload decrease for the DDSS.

beneficiary's treating physicians and other medical treating sources and, if these sources cannot provide sufficient evidence, schedules medical and/or psychological examinations with consulting physicians outside the DDS; and (5) a DDS team, consisting of a disability examiner and a physician or psychologist, determines whether the beneficiary continues to meet SSA disability criteria.

To improve the overall cost effectiveness of the CDR process, SSA developed an alternative (referred to as a "mailer") to process selected CDRs at a cost of about \$50 each (see app. II for a detailed description of the development of the mailer process and fig. II.1 for an example of the mailer). SSA uses this alternative method only for beneficiaries whose impairments are estimated to have a low likelihood of medical improvement. Because it is unlikely that their impairments have improved medically, there is a low likelihood that their benefits would be terminated if they were to undergo an in-depth DDS full medical review. Therefore, since fiscal year 1993, SSA has been mailing to such beneficiaries a brief questionnaire, asking them to report information on their medical conditions, treatments received, and work activities. In most cases, the beneficiaries' responses to the mailers provide SSA with a basis to continue benefits without further review; however, in some cases, SSA refers the beneficiaries to DDSS for full medical reviews because their responses, along with other information in SSA's records, indicate that more comprehensive reviews are warranted. According to SSA, about 3 percent of the beneficiaries who responded to mailers in fiscal year 1997 were referred to DDSS for full medical reviews. Since fiscal year 1993, SSA has significantly increased its use of mailers and plans further significant increases.⁸

Under New CDR Plan, All Required CDRs Will Be Complete or Under Way by End of Fiscal Year 2002

By the end of fiscal year 2002, if SSA's new CDR plan is completed as envisioned, all the CDRs required by law will be complete or under way, including those that are overdue and those due to begin by the end of 2002 (see app. III for numbers of required and elective CDRs that SSA plans to process for various beneficiary groups). When DDSS award disability benefits, they set dates for starting CDRs, and every month these prescheduled CDR start dates come due for many beneficiaries. Once CDRs are initiated, however, the time required to complete them can be lengthy. SSA estimates that DDS full medical reviews require about 1 year to complete from the time cases are identified and selected. SSA's more

⁸In a 1994 report that highlighted the need for more CDRs and SSA's need for more funding for CDRs, we supported the increased use of mailers. See *Social Security: New Continuing Disability Review Process Could Be Enhanced* (GAO/HEHS-94-118, June 27, 1994).

cursory mailer questionnaires require about 6 months. Thus, many CDRs cannot be completed by the end of the year in which they come due. SSA estimates that about 835,000 required CDRs that are due to start in fiscal year 2002 will not be completed by year-end; according to SSA, these CDRs will be completed in fiscal year 2003. After fiscal year 2002, SSA intends to identify and select new CDR cases about 3 months before their prescheduled start dates so that case files can be pulled and actual CDR case processing can begin about the time of the prescheduled start date. Doing so should reduce, but cannot eliminate, the need to complete some of these CDRs the following year.

As SSA acknowledges, it does not plan to conduct any CDRs for certain beneficiary groups (see table 1). SSA has “deferred” CDRs for these groups because doing CDRs for them is not considered sufficiently cost effective because of such factors as age, nature of impairment, and basis for entitlement. According to SSA, CDRs for the deferred groups are known to be much less productive or unproductive under the existing CDR processes, or are under study to determine how they should be reviewed in order to be productive. Deferred cases include those in which the cessation of disability benefits would result in entitlement to another benefit administered by SSA, often with minimal or no reduction in benefit amount. Deferred cases also include those in which the beneficiaries are of advanced age, which markedly decreases the likelihood of medical improvement. During fiscal years 1998 through 2002, SSA expects a relatively small number of beneficiaries will become old enough to move into these deferred groups before being selected for CDRs. However, after fiscal year 2002, SSA expects that all beneficiaries due for required CDRs will undergo CDRs before they become old enough to move into any of the deferred groups.

Table 1: Beneficiary Groups for Which SSA Has Deferred CDRs

Deferred beneficiary group	Total beneficiaries as of 10/1/97 (in thousands)
DI beneficiaries^a	728
Disabled workers aged 62 to 65	585
Disabled surviving spouses aged 60 to 65	83
Disabled adult children aged 65 and older	60
Government employees qualified for Medicare	^b
SSI beneficiaries^a	827
Disabled and blind adults aged 65 and older	678
Disabled adults under age 65 grandfathered in from state programs in 1974	79
Permanently impaired disabled children	70
Total DI and SSI beneficiaries	1,555

^aConcurrent DI/SSI beneficiaries are included in the DI beneficiary category.

^bSSA does not yet know the exact number of cases.

Source: SSA.

Adequacy of CDR Processing Capacity and Authorized Funding Hinge on Key SSA Assumptions

According to SSA, in formulating its CDR plan, SSA consulted with DDSS to plan caseloads for fiscal years 1998 through 2002 that will not exceed the DDSS' case processing capacity. However, DDSS could potentially encounter additional caseloads not envisioned in SSA's plan. For example, SSA may be unable to use CDR mailers to the full extent planned. To meet the goal of conducting 8.1 million CDRs by the end of fiscal year 2002, SSA may then have to ask DDSS to do additional full medical reviews. Even if DDS capacity is adequate to process larger-than-expected workloads of full medical reviews, the currently authorized CDR funding may not be sufficient to fund such increases. Furthermore, if the volume of initial disability applications or requests for reconsideration of denied applications is larger than assumed by SSA, DDSS may have to accumulate larger backlogs of these cases in order to complete CDR full medical reviews. Such events, if they occur, could lead SSA to decide to increase DDS capacity; but timely expansion of DDS capacity faces potential barriers. Also, if DDS workloads are larger than expected, the workloads of SSA field offices will necessarily be larger than expected because they initially receive these cases and then transfer them to DDSS. Larger-than-expected workloads of any type could potentially result in larger field office backlogs of non-CDR cases to permit timely processing of CDRs.

DDSs May Need to Conduct More CDR Full Medical Reviews If Mailers Cannot Be Used to the Full Extent Planned

Of the 8.1 million CDRs planned for fiscal years 1998 through 2002, SSA plans to conduct 4.3 million (53 percent) through the use of mailers and 3.8 million (47 percent) through DDS full medical reviews (see table 2). However, for several beneficiary groups, SSA is still developing statistical formulas for selecting appropriate beneficiaries to receive mailers. The number of mailers planned for these beneficiary groups is substantial, ranging from a high of 472,000 in fiscal year 2000 to a low of 323,000 in fiscal year 2002. Until the mailer selection formulas for these beneficiary groups are developed, tested, and found to be reliable, SSA faces the risk of having to reduce the number of planned mailers and ask DDSs to do more full medical reviews than currently planned in order to meet the overall goal of 8.1 million CDRs by the end of fiscal year 2002.

Table 2: CDR Workloads in SSA's New Plan, Fiscal Years 1996-2002

Numbers in thousands

DI and SSI CDRs	Actual CDRs 1996-97	CDRs to be processed during FY 1998-2002						
		1998	1999	2000	2001	2002	5-year total	7-year total
Mailers ^a	518	734	878	949	877	877	4,315	4,833 ^b
Full medical reviews	671	511 ^c	759	855	852	844	3,821	4,492 ^b
Total CDRs processed	1,189	1,245	1,637	1,804	1,729	1,721	8,136	9,325

^aThe total number of mailers sent to beneficiaries is greater than the number shown in table 2 because, after analyzing responses to mailers, SSA refers about 3 percent of the mailer respondents to DDSs for full medical reviews. The number of mailers shown in table 2 is the number that result in continuation of benefits on the basis of beneficiaries' responses, without any further review by DDSs.

^bAs a result of rounding the 1996-97 data, the 7-year total for "full medical reviews" is shown as 4,492 rather than the 4,493 appearing in SSA's new plan, and the 7-year total for "mailers" is shown as 4,833 rather than 4,832 as in SSA's new plan.

^cThrough April 24, 1998 (about 57 percent of fiscal year 1998), DDSs had completed about 331,000 full medical reviews (about 65 percent of the fiscal year 1998 target workload for DDS full medical reviews).

Source: SSA.

Within a given level of resources, the mailer process enables SSA to increase the number of CDRs and to do them more cost effectively than if all CDRs were DDS full medical reviews. For example, in fiscal year 1996, SSA conducted 498,400 CDRs (250,400 full medical reviews and 248,000 mailers). SSA estimates that, after all appeals, these CDRs ultimately will result in 26,500 terminations⁹ and that each termination will yield lifetime

⁹DDSs terminated benefits for 41,910 beneficiaries in fiscal year 1996. SSA estimates that 15,410 of these terminations (37 percent) will ultimately be reversed upon appeal to administrative law judges.

savings of about \$120,000 in the DI program and \$50,000 in the SSI program.¹⁰ SSA estimates the total savings from these terminations will result in about \$11 in savings for every \$1 spent on CDRs in fiscal year 1996.¹¹ However, this savings-to-cost ratio would have been significantly lower if the 248,000 CDRs processed as mailers (at a cost of \$50 each) had been processed instead as DDS full medical reviews (at a cost of \$800 each). This would have added about \$186 million to the total cost of conducting CDRs in fiscal year 1996 and would have reduced the savings-to-cost ratio from \$11 in savings to about \$6 in savings for every \$1 spent on CDRs.

SSA currently uses mailers to conduct CDRs for two primary beneficiary groups: (1) DI disabled workers under age 62 and (2) SSI disabled and blind adults under age 65 and not considered permanently impaired. To identify the beneficiaries who are appropriate candidates to receive mailers, SSA uses statistical formulas to estimate the likelihood that beneficiaries' impairments have improved medically since the time benefits were awarded initially or since the last CDR. If a beneficiary has a low likelihood of medical improvement, there is a low likelihood that his or her benefits would be terminated if he or she underwent a DDS full medical review. Conversely, if a beneficiary has a high likelihood of medical improvement, there is a high likelihood that his or her benefits will be terminated after undergoing a DDS full medical review. According to SSA, using the more cursory and less costly mailer process is warranted when a beneficiary has a low likelihood of medical improvement (and therefore a low likelihood of benefit termination); using the more costly full medical review is warranted when a beneficiary has a high likelihood of benefit termination. (See app. II for a description of how SSA developed the statistical formulas used to estimate the likelihood of medical improvement.)

In recent years, for example, SSA's statistical formulas have shown that about 30 percent of DI disabled workers under age 62 not permanently impaired had a low likelihood of benefit termination. Therefore, SSA used mailers to process CDRs for this "low profile" group. Another 30 percent of

¹⁰These savings estimates represent the present value of the cash and medical benefits that the average beneficiary would have received over a lifetime if his or her benefits had not been terminated. In the DI program, the \$120,000 in total lifetime savings consists of \$75,000 from the federal OASI and DI trust funds and \$45,000 from the Medicare trust funds. In the SSI program, the \$50,000 in total lifetime savings consists of \$35,000 from SSI cash benefits and \$15,000 from Medicaid benefits, both of which are paid from general tax revenues.

¹¹Each year, the first beneficiaries in the backlog to undergo DDS full medical reviews are those who have the highest likelihood of benefit termination. Therefore, in each successive year, SSA expects the savings-to-cost ratio to decline as the high-profile cases (those most likely to be terminated) decline as a proportion of the annual CDR workload. SSA estimates the savings-to-cost ratio probably will decline in the future to about \$6 to \$1, which still is a highly favorable return.

these beneficiaries were shown to have a high likelihood of benefit termination; therefore, SSA referred this “high profile” group to DDSS for full medical reviews. However, for the remaining 40 percent of the beneficiaries—those in the “mid-range profile” group—the statistical formulas could not provide a clear indication as to whether a beneficiary would be an appropriate candidate for a mailer or a full medical review.

As a result, in developing the original 7-year plan in 1996, SSA deferred doing any CDRs for the mid-range-profile group until the statistical formulas could be developed sufficiently to identify the appropriate candidates for mailers. However, because SSA has not yet succeeded in developing the formulas, the new CDR plan assumes that DDSS will do full medical reviews for every beneficiary in the mid-range-profile group during fiscal years 1998 through 2002. According to SSA, doing full medical reviews for the entire mid-range-profile group will be cost effective. However, because cost effectiveness can be improved if mailers can be used for some beneficiaries in the mid-range-profile group, SSA is still exploring ways to reliably identify beneficiaries in the mid-range-profile group who are appropriate candidates for mailers (see groups A and E in table 3).

Table 3: Status of Statistical Selection Formulas for Mailers, by Beneficiary Group

Beneficiary group	Are statistical formulas currently used to select mailer recipients?
DI beneficiaries	
A. Disabled workers under age 62 not permanently impaired	Yes. Mailers are sent to low-profile beneficiaries in group A. SSA believes mailers will also be appropriate for some mid-range profile beneficiaries; therefore, to develop the formulas for these beneficiaries, in October 1997 SSA sent mailers to 60,000 beneficiaries, all of whom will also undergo full medical reviews. The target date to begin sending mailers to mid-range-profile beneficiaries is fiscal year 2000; however, the new CDR plan does not assume any mailers will be sent to them.
B. Disabled workers under age 62 permanently impaired	Yes. Using formulas developed for group A, SSA currently sends mailers to low-profile beneficiaries. SSA believes mailers will also be appropriate for many other beneficiaries in this group who, for reasons as yet unknown, have a higher predicted likelihood of medical improvement. Therefore, SSA currently is exploring how it will study additional cases for persons who are permanently impaired in order to devise statistical formulas to select mailer recipients.
C. Disabled adult children under age 65 and disabled surviving spouses under age 60	Yes. Using formulas developed for group A, SSA now sends mailers to low-profile beneficiaries. SSA also believes mailers will be appropriate for some high- and mid-range-profile beneficiaries; therefore, to develop the formulas for these beneficiaries, in February 1998 SSA sent mailers to 106,000 beneficiaries, of whom about 7,400 (7 percent) will undergo DDS full medical reviews. SSA is hopeful it will be able to send mailers to a considerable number of additional high- and mid-range-profile beneficiaries by fiscal year 2000.
SSI beneficiaries	
D. Children under age 18 not permanently impaired	No. To develop statistical selection formulas, SSA sent 60,000 childhood cases to DDSs for full medical reviews in the first quarter of fiscal year 1998. SSA will use the results of these reviews to develop selection formulas. Under the new CDR plan, SSA assumes it will send mailers to 195,000 low-profile SSI children beginning in fiscal year 2000.
E. Disabled and blind adults under age 65 not permanently impaired	Same status as group A above.
F. Disabled and blind adults under age 65 permanently impaired	Same status as group B above.

Note: According to SSA's regulations, beneficiaries considered not permanently impaired are classified by DDSs as medical-improvement-expected or medical-improvement-possible, and beneficiaries considered permanently impaired are classified as medical-improvement-not-expected.

Source: SSA.

For five other beneficiary groups, however, SSA's ability to use mailers to the full extent assumed in the new CDR plan depends on whether SSA can successfully develop statistical formulas for selecting appropriate mailer recipients. These five groups are (1) SSI children under age 18 not permanently impaired, (2) permanently impaired DI disabled workers under age 62, (3) permanently impaired SSI disabled adults under age 65, (4) disabled surviving spouses under age 60, and (5) disabled adult children under age 65 (see table 3).

For SSI children, SSA is still in the early stages of developing statistical selection formulas. Even so, SSA's new CDR plan assumes it will start using mailers for SSI children in fiscal year 2000. For the four adult beneficiary groups in question, SSA recently began efforts to refine existing adult selection formulas. SSA stated that its ability to use a large (but unquantified) proportion of the mailers included in the new plan for these adult groups depends on current efforts to refine the selection formulas. For example, during fiscal years 2000 through 2002, SSA plans to use mailers to process a total of about 1.1 million CDRs for SSI children and the four adult groups in question (195,000 for SSI children and 943,000 for the adults). For these five groups combined, SSA plans to use mailers to process a total of 472,000, 343,000, and 323,000 CDRs during fiscal years 2000, 2001, and 2002, respectively (see table 4).

Table 4: Mailer Workload Goals in New CDR Plan, by Beneficiary Group, Fiscal Years 1998-2002

Beneficiary group	Number of mailers ^a (thousands)					Total
	1998	1999	2000	2001	2002	
DI beneficiaries^b	509	585	686	560	541	2,881
Disabled workers under age 62 not permanently impaired	319	299	336	356	386	1,696
Disabled workers under age 62 permanently impaired	93	188	183	123	104	691
Disabled adult children under age 65	97	93	161	77	47	475
Disabled surviving spouses under age 60	0	5	6	4	4	19
SSI beneficiaries^b	225	293	263	317	336	1,434
Children under age 18 not permanently impaired ^c	0	0	49	73	73	195
Disabled and blind adults under age 65 not permanently impaired	133	173	141	178	168	793
Disabled and blind adults under age 65 permanently impaired	92	120	73	66	95	446
Total	734	878	949	877	877	4,315

^aThe total number of mailers sent to beneficiaries is greater than the number shown in table 4 because, after analyzing responses to mailers, SSA refers some mailer respondents to DDSs for full medical reviews. The number of mailers shown in table 4 is the number that result in continuation of benefits based on beneficiaries' responses, without any further review by DDSs.

^bAccording to SSA's regulations, beneficiaries considered not permanently impaired are classified by DDSs as medical-improvement-expected or medical-improvement-possible, and beneficiaries considered permanently impaired are classified as medical-improvement-not-expected.

^cSSA does not plan to use mailers for any CDRs for low birth weight infants or for children who attain age 18.

Source: SSA.

Consequently, if SSA's efforts to develop statistical selection formulas for these children and adult groups prove unsuccessful, SSA will not have an adequate basis for identifying appropriate mailer recipients; in that case, SSA would have to substantially increase the number of DDS full medical reviews in order to meet the goal of completing 8.1 million CDRs by the end of fiscal year 2002. Although SSA stated that it foresees no difficulties in developing selection formulas sufficiently to meet the new CDR plan's goals for mailers, SSA acknowledged that it will need to monitor its progress in developing the selection formulas in order to make timely changes in its CDR plan, if necessary.

According to SSA staff, if it becomes necessary to increase DDS CDR full medical review workloads significantly because mailers cannot be used to the full extent planned, an increase in the capacity of many DDSS might be needed. However, increasing capacity could be difficult to accomplish in some DDSS for varying reasons, such as shortages of qualified applicants for disability examiner positions, difficulties acquiring adequate space on a timely basis to house additional staff and equipment, and state government restrictions on hiring. Even in the absence of any hindrances, SSA would have to begin negotiating with DDSS relatively soon to increase staff because it takes 12 to 18 months of training and mentoring before new hires can process initial disability claims independently, freeing more senior disability examiners to process full medical reviews. Furthermore, increasing DDS capacity for a short-term need might not be the optimal course of action because it would require great effort to gear up, only to have to downsize shortly thereafter when the workload subsides; however, not increasing capacity could potentially necessitate extending the time frame beyond fiscal year 2002 for becoming current on required CDRs.

According to SSA staff, other alternatives might be available if DDSS need to process significantly more CDR full medical reviews to meet the goal of 8.1 million CDRs during fiscal years 1998 through 2002. For example, state DDSS could request that SSA use its federal DDS in Baltimore, Md., to process CDRs or to process initial disability applications, thus freeing up state DDS staff to process CDRs. In some cases, state DDSS with available capacity have already been assisting other DDSS on a limited basis by processing CDRs or initial applications.

**Authorized Funding
Should Be Adequate to
Fund Substantial Increases
in Full Medical Reviews**

Under the assumptions in the new CDR plan, the CDR funding authorized by the Congress should be sufficient to process the 8.1 million CDRs planned for fiscal years 1998 through 2002. The appropriated funds available for the current fiscal year (1998) can fully fund SSA's projected obligations for the year, and the annual amounts authorized for CDRs during fiscal years 1999 to 2002 exceed SSA's projected CDR obligations by \$165 million in fiscal year 1999 and \$115 million annually during fiscal years 2000 to 2002 (see table 5).

Table 5: Amounts Authorized, Requested, Appropriated, and Obligated for CDRs and SSI Redeterminations, Fiscal Years 1996-2002

Dollars in millions

Funding and obligations	1996	1997	1998	1999	2000	2001	2002
Authorized funding ^a	\$260	\$510	\$670	\$720	\$720	\$720	\$720
SSA's budget plan ^b	260	510 ^c	490 ^c	555	605	605	605
Appropriated funds ^b	260	563 ^d	554 ^d	•	•	•	•
Amount obligated or projected spending by SSA ^e	207	499 ^f	554 ^f	555 ^g	605	605	605
Appropriated or authorized funds less obligations/projected spending	53	64	0	165	115	115	115

^aThe Contract With America Advancement Act of 1996 authorized about \$4.1 billion for CDRs, and the Personal Responsibility and Work Opportunity Act of 1996 (the welfare reform law) added a total of \$250 million to the authorized amounts for fiscal years 1997 (\$150 million) and 1998 (\$100 million).

^bThe amounts appropriated for fiscal years 1996-98 and the amounts in SSA's budget plan for 1999 to 2002 include \$200 million annually from SSA's administrative expenses for CDRs. For fiscal years 1996-98, the amounts appropriated annually, in addition to the \$200 million, were 2-year funds. The 2-year funds for fiscal year 1996 (\$60 million) were provided to process CDRs. The 2-year funds for fiscal year 1997 (\$310 million) and fiscal year 1998 (\$290 million) were provided to process either CDRs or the SSI redeterminations required by the 1996 welfare reform law.

^cSSA's budget plan for fiscal years 1997 and 1998 included \$150 million and \$100 million, respectively, for the SSI redeterminations required by the welfare reform law.

^dIn addition to the amounts appropriated specifically for fiscal years 1997 (\$510 million) and 1998 (\$490 million), the appropriated funds available for use in fiscal years 1997 (\$563 million) and 1998 (\$554 million) included \$53 million and \$64 million, respectively, of unobligated 2-year appropriated funds carried forward from the prior year.

^eObligations for fiscal years 1996 and 1997 are actual, and amounts for fiscal years 1998-2002 are projected.

^fThe obligations for fiscal years 1997 and 1998 include \$169 million and \$174 million, respectively, for SSI redeterminations required by the welfare reform law. These obligations for SSI redeterminations were made from budget authority that could be used to process either CDRs or the SSI redeterminations required by the 1996 welfare reform law.

^gAlthough SSA projects it will obligate \$31 million for SSI redeterminations in fiscal year 1999, the \$555 million in SSA's fiscal year 1999 budget plan is for CDRs only. Additionally, because SSA expects to obligate in fiscal year 1998 all of the fiscal year 1998 2-year appropriated funds that can be used to process either CDRs or SSI redeterminations, no 2-year funds are expected to be available to carry forward into fiscal year 1999 to fund the \$31 million of projected obligations for SSI redeterminations.

Source: SSA.

As discussed, for five beneficiary groups, SSA faces the risk of being unable to sufficiently develop the statistical formulas for selecting appropriate

CDR mailer recipients. If SSA is unable to develop these formulas, SSA will be unable to use mailers to the full extent planned and will have to replace these mailers with larger numbers of full medical reviews in order to meet the goal of 8.1 million CDRs by the end of fiscal year 2002. SSA stated that, if this occurs, it may decide to expand DDS capacity to do more full medical reviews, and this capacity expansion could be funded out of the authorized funds that exceed projected CDR obligations under the current plan.

However, because DDS full medical reviews are 16 times more costly than mailers, the authorized funds could potentially be inadequate to fund enough additional DDS full medical reviews to meet SSA's goal of 8.1 million CDRs by year-end fiscal year 2002. Every 100,000 full medical reviews added to DDSS' annual workloads would increase annual funding requirements by about \$75 million.¹² Thus, we estimate that the current projection of \$115 million of unobligated authorized funding annually during fiscal years 2000 through 2002 would be sufficient to increase the number of DDS full medical reviews by about 153,000 annually. As discussed, however, the potential increases in full medical reviews could be significantly larger. If so, the authorized funding would be inadequate.

Potential Increases in Non-CDR Workloads Could Compete for DDS Case Processing Resources

CDR cases selected for DDS medical reviews are only part of the overall workload of DDSS. In addition to CDRs, DDSS process two other primary disability caseloads—initial disability applications and requests for reconsideration when initial applications are denied.¹³ SSA's new CDR plan made important assumptions about the size of these non-CDR disability workloads. If SSA's assumptions do not hold, unexpected increases in these other disability workloads could result. To remain on target to process 8.1 million CDRs by the close of fiscal year 2002, SSA would then have to accept larger backlogs in the non-CDR workloads, unless it could increase the capacity of the DDSS to process the additional non-CDR workloads, or find other options for helping DDSS complete these workloads.

In the early 1990s, SSA experienced significantly higher levels of initial disability applications than are currently being experienced. Although DDS staffing levels were increasing during that time, DDS resources were

¹²Each full medical review added to the workload to replace a mailer would increase the cost of the CDR program by \$750 (eliminating one mailer reduces the cost by \$50 and adding one full medical review to replace the mailer increases the cost by \$800).

¹³DDSS also process special caseloads that arise from time to time, such as the SSI childhood disability redeterminations required by the 1996 welfare reform law.

diverted away from CDRs to process the large number of initial disability applications (see table 6). In fiscal year 1995, however, initial disability applications began to decline, primarily because of the strength of the economy and low unemployment, according to experts. Largely because of the decline in initial disability applications, DDSS were able to process more CDRs than planned during fiscal years 1996 and 1997. The new CDR plan assumes that the current pattern of economic strength and low unemployment will continue during fiscal years 1998 to 2002 and that initial disability applications will remain at the lower levels experienced in recent years. If these assumptions do not hold, however, initial disability applications could return to the higher levels experienced in the early 1990s.

Table 6: DDS Non-CDR Workloads, Fiscal Years 1990-98

Numbers in thousands		
Fiscal year	DDS initial disability applications	Reconsideration decisions on initial denials ^b
1990	1,737	509.5
1991	2,015	524.7
1992	2,393	625.5
1993	2,584	770.7
1994	2,609	814.5
1995	2,489	882.7
1996	2,337	793.1
1997	2,075	730.1
1998	2,044 ^a	Not available

^aOn the basis of actual DDS receipts of 1,119,295 initial disability applications during the first 6.57 months of fiscal year 1998, we project the total claims for the fiscal year will be about 2.044 million.

^bData for reconsideration requests are by calendar year. Data by fiscal year were not available.

Source: SSA.

Another non-CDR workload uncertainty involves a current step in the disability process that permits denied disability applicants to ask DDSS to reconsider their claims. From 1990 to 1997, the number of reconsideration requests ranged from a low of about 509,500 to a high of about 882,700 (see table 6). SSA's new CDR plan, however, assumes there will be no reconsideration request workload during fiscal years 2000 to 2002 because SSA's plan for redesigning the disability process calls for eliminating the reconsideration step after fiscal year 1999. The new CDR plan assumes the

absence of this previously significant workload will make additional DDS staff available to work on CDRs. For example, assuming that the potential reconsideration workload reduction will be about 700,000 cases annually, SSA estimates that about 2,600 DDS workyears will be available to do other work.¹⁴ Whether the reconsideration step actually will be eliminated, however, is not certain because the testing of SSA's plan for redesigning the disability process is not yet completed. If the reconsideration step is not eliminated as planned in fiscal year 1999, overall DDS workloads will be substantially larger than assumed in the new CDR workplan.

SSA told us that it plans to monitor the volume of initial disability applications and progress in the testing of the redesign plan on which the elimination of reconsideration requests depends. If initial disability applications increase unexpectedly or if reconsideration requests are not eliminated as planned, SSA stated that DDS resources paid for from CDR funding will not be diverted away from CDRs to process initial applications or reconsideration requests. Under this scenario, according to SSA, DDSS will have to accumulate larger backlogs of initial applications and reconsideration requests unless SSA can obtain other funding to expand DDS capacity or find other options to assist DDSS in processing cases.

Concerns About SSA Field Offices' Case Processing Capacity

SSA field offices perform the initial processing of disability applications, reconsideration requests, and CDRs to determine if the individuals meet nonmedical requirements. They then transfer the cases to DDSS for medical determinations.¹⁵ In discussions with SSA regional and field office staff, some expressed serious concerns about the field offices' future capacity to achieve timely processing of their overall caseloads. Some regional and field office staff told us that, at present staffing levels, they are already struggling to maintain timely processing of current caseloads and that the substantial increases in CDR medical reviews planned for the next several years will reduce their ability to keep pace even more. Any additional unexpected increases in CDR medical reviews or non-CDR workloads, if they occur, would further exacerbate the situation. As with the DDSS, however, SSA stated that no field office resources paid for from CDR

¹⁴Not all of these 2,600 workyears would be available to process CDRs. While SSA's plan to redesign the disability process calls for eliminating the reconsideration step, it also calls for adding pre-denial interviews to the process, which SSA currently estimates will add about 70 minutes per case, or an estimated 1,000 workyears. This would leave a net gain of about 1,600 workyears for doing CDRs and the resulting appeals.

¹⁵Field offices also process non-disability caseloads such as applications for Social Security retirement benefits and SSI old age benefits. DDSS have no role in processing these nondisability cases.

funding will be diverted away from CDRs to process unexpected increases in non-CDR caseloads.

Although SSA could, if needed, request additional funding to increase field offices' processing capacity, SSA's strategic plan for fiscal years 1997 through 2002 brings into question whether field office staffing can be expected to grow. SSA stated in its strategic plan that expected budgetary constraints have resulted in a forecast of no growth in the number of workyears available to SSA.¹⁶ Consistent with this forecast, SSA has committed to reducing its overall staffing levels from approximately 65,000 to 62,000 as part of the governmentwide staff reduction plan. For fiscal year 1999, SSA has planned an overall staff decrease of 1,700.

Furthermore, SSA stated in its strategic plan that it could be facing a critical loss of knowledge and experience over the next 5 years because nearly 20 percent of its employees will be eligible for regular retirement between fiscal years 1997 and 2002. More than 57 percent of SSA employees are over age 45 and, therefore, will be reaching retirement age over the next 10 years. With such a large number of employees becoming eligible for retirement, SSA stated in the strategic plan that it could face a challenge if these employees choose to retire even at the historical rate of retirement for eligible employees. SSA is conducting a detailed analysis of retirement patterns in order to predict when staff will retire and which offices or geographic areas will be most affected. SSA plans to publish the results of this study during fiscal year 1998.

In response to field offices' concerns about their ability to keep pace with increasing CDR workloads, SSA is taking several actions to help field offices process, manage, and track their CDR workloads. SSA's first action is designed to achieve an even flow of CDR cases from SSA case file repositories to field offices and subsequently to DDSS. To do this, beginning in July 1998, SSA planned to release blocks of CDR cases to the field offices every month, alternating between DI and SSI, which results in six releases of DI cases and six releases of SSI cases each year. SSA took this action to deal with concerns that CDR cases were released too infrequently to ensure an even and steady workload of CDR cases flowing through field offices to DDSS. SSA is also working to implement in its field offices an automated case management system for DI CDRs similar to the system that is already available to field offices for managing and tracking the SSI CDR caseload. SSA projects that the DI automated case management system will be implemented in fiscal year 1999.

¹⁶SSA, "Keeping the Promise" Strategic Plan 1997-2002 (Baltimore, Md.).

Agency Comments

In commenting on a draft of this report, the Commissioner of Social Security stated that the report accurately reflects SSA's commitment to eliminating the CDR backlog by the end of fiscal year 2002, and he further stated that SSA is making good progress toward this goal. The Commissioner also stated that SSA recognizes there may be some potential workload increases that could affect DDSS. However, SSA believes that no reduced ability to do CDRs will occur because the funding approved for CDRs is dedicated to CDRs and any needed adjustments will be made in other workloads. SSA also made some technical comments which we incorporated where appropriate.

We are sending copies of this report to the Commissioner of Social Security and other interested parties. Copies will also be made available to others on request. If you or your staff have any questions concerning this report, please call me at (202) 512-7215. Other major contributors include Cynthia A. Bascetta, Associate Director; Ira B. Spears, Senior Evaluator; and Kenneth F. Daniell, Evaluator.



Cynthia M. Fagnoni
Director, Income Security Issues

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Abbreviations

CDR	continuing disability review
DDS	disability determination service
DI	Disability Insurance
OASI	Old-Age and Survivors Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income

History of CDRs

During the 2 decades preceding SSA's CDR initiative that began in fiscal year 1996, the number of CDRs conducted from year to year varied widely—from as few as 35,900 to as many as 544,200 (see table I.1). In 1978, we reported on serious program administration weaknesses that allowed many medically ineligible recipients to go undetected.¹⁷ In 1980, due to concerns about the effectiveness of the CDR process and growing disability rolls, the Congress enacted a law requiring periodic CDRs at least once every 3 years for all DI beneficiaries whose disabilities are not considered permanent and at intervals determined appropriate by SSA for beneficiaries whose impairments are considered permanent.¹⁸

As a result of the 1980 law, SSA began increasing the number of CDRs in fiscal year 1981, using age, benefit amount, and medical characteristics as selection criteria. According to SSA, its method resulted in selecting a disproportionate number of young people with mental impairments to undergo CDRs, and benefits for many of them were terminated because they did not meet new mental disability criteria that had been implemented after SSA had placed these individuals on the rolls. In response to this situation, the Congress enacted a law in 1984 establishing the medical improvement review standard, prohibiting benefit termination unless SSA can show that a beneficiary's medical condition has improved since the last medical decision and that this improvement relates to the individual's ability to work.¹⁹ As a result, SSA declared a moratorium on conducting CDRs until the new medical improvement review standard was implemented by regulation in late 1985. Under this new standard, the proportion of CDRs resulting in cessation of benefits has declined.

¹⁷See untitled letter [GAO/HRD-78-97](#), Apr. 18, 1978.

¹⁸See the Social Security Disability Amendments of 1980 (P.L. 96-265), Sec. 311.

¹⁹See the Social Security Disability Benefit Reform Act of 1984 (P.L. 98-460).

**Appendix I
History of CDRs**

Table I.1: Historical Data on Numbers of CDRs and Benefit Cessation Rates, Fiscal Years 1975-97

Fiscal year	Number of CDRs completed^a	Benefit cessation rate (percent)^b
1975	147,200	21
1976	170,000	24
1977	150,300	38
1978	118,800	46
1979	134,500	46
1980	159,600	46
1981	257,100	47
1982	496,800	45
1983	544,200	41
1984	156,600	24
1985	35,900	11
1986	47,700	6
1987	206,000	13
1988	353,800	12
1989	366,800	9
1990	195,100	11
1991	73,500	10
1992	73,100	13
1993	64,800 (34,600 mailers)	11
1994	118,400 (31,000 mailers)	14
1995	217,000 (76,500 mailers)	17
1996	498,400 (248,000 mailers)	11
1997	690,500 (270,000 mailers)	Not yet available

^aCDR data for fiscal years 1975 through 1994 include "work" CDRs, which are unscheduled CDR full medical reviews that SSA field offices initiate when, for example, they receive reports indicating a beneficiary is working or has income. SSA estimates that DDSs annually conduct about 20,000 work CDR full medical reviews.

^bData represent initial cessation rates before appeals.

Source: SSA.

Fourteen years after enacting the 1980 law requiring CDRs for all DI beneficiaries, the Congress established the first statutory requirement for SSI CDRs in 1994.²⁰ This 1994 law mandated that SSA review one-third of the SSI beneficiaries who reach age 18 and at least 100,000 additional SSI beneficiaries annually in fiscal years 1996 through 1998. In August 1996,

²⁰See the Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296).

the Congress enacted a welfare reform law.²¹ This law requires that SSA conduct CDRs at least once every 3 years for SSI children under age 18 if they are considered likely to improve and for infants during their first year of life if they receive SSI benefits due to low birth weight.²² The welfare reform law also requires that SSA redetermine the eligibility of all SSI children beginning on their 18th birthdays using adult disability criteria.²³ Such redeterminations for 18-year-olds are considered part of the CDR workload.²⁴

Under SSA regulations, when DDSS award or continue DI or SSI disability benefits, the DDSS must set dates (called “diary” dates) for starting CDRs. To set these CDR start dates, DDSS assess the beneficiary’s potential for medical improvement on the basis of impairment and age. Beneficiaries whose impairments are not considered permanent are classified as either “medical-improvement-expected” or “medical-improvement-possible,” and those whose impairments are considered permanent are classified as “medical-improvement-not-expected.” When benefits are awarded or continued, those beneficiaries classified as medical-improvement-expected are scheduled to have a CDR started within 6 to 18 months; those classified as medical-improvement-possible, within 3 years; and those classified as medical-improvement-not-expected, within 5 to 7 years.²⁵

Although the regulations require the setting of CDR due dates, budget reductions in the late 1980s led to DDS staff reductions that hampered efforts to conduct CDRs in accordance with the required due dates. Although DDS staffing levels began to increase in 1991, DDS resources were diverted away from CDRs to process large increases in initial disability

²¹See the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193).

²²The Balanced Budget Act of 1997 (P.L. 105-33) permits SSA to schedule a CDR for a low birth weight child after the child’s first birthday if it is determined that the child’s impairment is not expected to improve within the first 12 months after birth.

²³The welfare reform law repealed the provision in the Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296) that required SSI CDRs for one-third of 18-year-olds.

²⁴In addition to the required SSI CDRs for children, the 1996 welfare reform law required that SSA redetermine the eligibility of children (about 288,000) who had qualified for disability on the basis of either an individualized functional assessment (which the law eliminated) or maladaptive behavior criteria, which the law revised to eliminate double counting of impairments. These eligibility redeterminations did not count toward the CDR goals. The welfare reform law set a deadline of August 1997 for completing the childhood redeterminations, but the Balanced Budget Act of 1997 extended the deadline to February 1998, or as soon as practicable thereafter.

²⁵These scheduled reviews are called “periodic” CDRs, in contrast with unscheduled “work” CDRs that arise, for example, because of earnings being posted in SSA’s earnings record system or reports from beneficiaries or third parties that beneficiaries are working. Unless otherwise specifically noted, all usage of the term “CDR” in this report refers to scheduled “periodic” CDRs.

**Appendix I
History of CDRs**

claims (see table I.2). As a result, backlogs of CDRs accumulated, and by fiscal year 1996, SSA had about 4.3 million DI and SSI CDRs that were due or overdue.

Table I.2: DDS Workyears and Initial Disability Applications, Fiscal Years 1982-93

Fiscal year	DDS workyears	Initial disability application receipts (in thousands)
1982	12,513	1,435
1983	12,887	1,481
1984	12,924	1,526
1985	13,074	1,585
1986	13,302	1,746
1987	12,502	1,644
1988	11,963	1,594
1989	11,634	1,589
1990	11,177	1,737
1991	11,738	2,015
1992	13,225	2,393
1993	13,298	2,584

Source: SSA.

In 1996, SSA developed the original 7-year plan to conduct 8.2 million CDRs during fiscal years 1996 to 2002, and the Congress authorized a total of about \$4.1 billion to fund SSA's plan. In 1996, the Congress enacted laws that authorized \$670 million for processing CDRs in fiscal year 1998 and \$720 million annually for processing CDRs in fiscal years 1999 to 2002. The Contract With America Advancement Act of 1996 (P.L. 104-121) authorized about \$4.1 billion to be paid from the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund to process DI and SSI CDRs during fiscal years 1996 to 2002. The Personal Responsibility and Work Opportunity Act of 1996 (P.L. 104-193) added a total of \$250 million to the authorized amounts for fiscal years 1997 and 1998.

SSA's CDR Mailer Process

SSA began development of the CDR mailer process in 1991. To do this, SSA used the outcomes of previous full medical reviews to create formulas for statistically estimating the likelihood that a DDS full medical review would find that a beneficiary's medical condition had improved. Assuming that a beneficiary continues to meet the nonmedical criteria for DI and/or SSI, SSA cannot terminate benefits unless the beneficiary's impairment improves medically; therefore, the higher the likelihood of medical improvement, the higher the likelihood of benefit termination. SSA based the statistical formulas on results from full medical review CDRs processed during fiscal years 1988 and 1989 for DI disabled workers in the medical-improvement-expected and medical-improvement-possible categories because these cases offered more potential for savings than those in the medical-improvement-not-expected category.

The statistical formulas developed by SSA take into account many characteristics contained in SSA's computerized records, such as age, impairment type, length of time on disability rolls, previous CDR activity, and reported earnings. Such factors may predict the likelihood of medical improvement and, therefore, of benefit termination if a full medical review is conducted. For example, SSA found that the longer an individual is on the disability rolls, the less likely is benefit termination; and if an individual previously underwent a CDR, the chance that a new CDR will result in benefit termination is reduced substantially. Reported earnings, on the other hand, greatly increase the likelihood of termination.

In 1992, SSA conducted a study to validate the statistical formulas it had developed. SSA asked its field offices to obtain responses to a brief questionnaire (seven questions) while interviewing the first 10,000 beneficiaries contacted under the routine CDR selection process. The DDSS then conducted full medical reviews of all 10,000 cases. SSA applied the statistical formulas and rated the beneficiaries' predicted likelihood of medical improvement. SSA then compared the results of the full medical reviews with the beneficiaries' responses to the questionnaires and the profile formula results.

From this effort, SSA validated the factors used in the statistical selection formulas and concluded that responses to the mailer questionnaires, combined with profiles, were effective predictors of medical improvement—and therefore disability benefit termination—when full medical reviews are done for DI beneficiaries in the medical-improvement-expected and medical-improvement-possible categories. Although the statistical formulas were developed using results from CDRs for DI disabled

workers, SSA did a similar study in fiscal year 1995 that showed that the formulas also work effectively for ssi disabled adults in the medical-improvement-expected and medical-improvement-possible categories.

Integrity Reviews for the CDR Mailer Process

Each year, SSA selects samples of beneficiaries to whom mailers were sent and sends these cases to DDSS for full medical reviews. The results of the full medical reviews provide a basis for assessing the reliability of using results from the statistical selection formulas to identify appropriate mailer recipients.

When SSA first implemented the mailer process in fiscal year 1993, it sent mailers to all of the 92,000 DI worker beneficiaries selected for CDRs that year. According to the results of SSA's statistical selection formulas, the profile distribution of the 92,000 cases was 54,000 high-profile cases, 10,000 mid-range-profile cases, and 28,000 low-profile cases. To assess the integrity of the profile results, SSA selected 10 percent of the high-profile cases, 100 percent of the mid-range-profile cases, and 1 percent of the low-profile cases for full medical reviews. SSA found the low-profile cases had an ultimate cessation rate of only 1.2 percent—sufficiently low, according to SSA, to confirm that doing full medical reviews for all persons in the low-profile category is not justified. From the low cessation rate for the low-profile category, SSA concluded it should send mailers to all low-profile beneficiaries and then refer to DDSS for full medical reviews only those beneficiaries whose responses indicate further review is warranted.

Conversely, SSA found that the high-profile cases had an ultimate cessation rate of 11.2 percent. This cessation rate, according to SSA, was sufficiently high to confirm that all high-profile beneficiaries should be referred to DDSS for full medical reviews without first sending them a mailer. For the mid-range-profile cases, SSA found an ultimate cessation rate of 3.1 percent. SSA decided that, while some mid-range beneficiaries probably are appropriate mailer recipients, the statistical formulas could not yet be used with confidence to determine which beneficiaries are the appropriate recipients. SSA decided additional analysis would be necessary to identify the portion of the mid-range group that could be considered appropriate mailer recipients.

In fiscal year 1994, SSA conducted a study of high-profile DI workers, all of whom had been sent mailers. The study found that the ultimate cessation rate for high-profile cases was 12.4 percent, confirming SSA's conclusion

from the prior year's study that the cessation rate for high-profile beneficiaries is sufficiently high to justify conducting full medical reviews without first sending mailers to them. Accordingly, beginning in fiscal year 1995, high-profile cases were excluded from the mailer process and routed directly to DDSS for full medical reviews; the mailer procedure was limited to low-profile DI worker cases, from which SSA selected a 1 percent integrity sample (850 cases). The DDS full medical reviews for the integrity sample resulted in an ultimate cessation rate of 2 percent, which, according to SSA, confirmed the validity of using mailers to process CDRS for low-profile cases.

In fiscal year 1996, SSA began using machine scannable mailers. SSA selected a 0.05 percent integrity sample (about 400 cases) of low-profile DI workers. With the advent of the scannable mailer, SSA for the first time was able to capture the answers to the mailers electronically. In addition to the integrity sample, SSA took this opportunity to initiate other studies based on the mailer answers (for example, if the beneficiary failed to answer a question or had not been receiving treatment). SSA has not yet completed the analysis of the results because of the level of staff resources that has been devoted to maintaining the increased flow of CDR cases to DDSS since the 7-year CDR initiative began.

In fiscal year 1997, SSA selected a 0.05 percent integrity sample of low-profile DI workers (300 cases) and SSI adults (400 cases). The results from this review should be available in early fiscal year 1999. In fiscal year 1998, SSA selected larger integrity samples of approximately 1,500 low-profile DI workers and 800 low-profile SSA adults to compensate for any shortfall in the fiscal year 1997 sample. SSA selected these cases in February 1998 and does not expect any results to be available until at least January 1999. (See fig. II.1 for an example of the CDR mailer.)

**Appendix II
SSA's CDR Mailer Process**

Figure II.1: SSA's CDR Mailer Questionnaire Form

11111 DATE: **OCTOBER 24, 1997**

Disability Update Report

Social Security Administration, P.O. Box 4550, Wilkes-Barre, PA 18767-4550 FORM APPROVED
OMB NO. 0960-0511

PAYEE'S NAME AND ADDRESS JOHN Q. PUBLIC PSC: 7 1234 MAIN ST ANYTOWN MD 99999-1234	REPORT PERIOD From: OCTOBER, 1995 To The Present BENEFICIARY JOHN Q. PUBLIC TELEPHONE NUMBER CLAIM NUMBER 555-555-5555 H 999-99-9999A 999999999/A-/L/096/101995/7/69/ 3160/0000/N/00/-/ 999/99999-----/ BALTIMORE-----/MD/S99/
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Please be sure to **use black ink or a #2 pencil to print your answers**. Also, read the enclosed instructions before completing the form. Finally, remember that when answering the questions, the **"REPORT PERIOD" for which we need information about you is from OCTOBER, 1995 to the present**. If you have any questions, call 1-800-772-1213 or TTY for the hearing impaired at 1-800-325-0778.

1. a. Since OCTOBER, 1995, have you worked for someone or been self-employed? YES NO

b. If you answered "YES" to 1.a., please complete the information below.

	WORK BEGAN		WORK ENDED		MONTHLY EARNINGS Dollars Only. No Cents
	Month	Year	Month	Year	
1. Most Recent Work	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/> , <input type="text"/>
2.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/> , <input type="text"/>
3.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/> , <input type="text"/>

2. Have you attended any school or work training program(s) since OCTOBER, 1995? YES NO

3. Since OCTOBER, 1995 to the present... (please place an "X" in one box only):

<input type="checkbox"/> my doctor and I have not discussed whether I can work	<input type="checkbox"/> my doctor told me I cannot work.	<input type="checkbox"/> my doctor told me I can work.
--	---	--

4. Place an "X" in **only** one box which best describes your health now as compared to OCTOBER, 1995.

<input type="checkbox"/> BETTER	<input type="checkbox"/> SAME	<input type="checkbox"/> WORSE
---------------------------------	-------------------------------	--------------------------------

Form SSA-455-OCR-SM (10-97) Continued on the Reverse →

**Appendix II
SSA's CDR Mailer Process**

		FOR SSA USE ONLY			
		AC?			
5.					
	a. Have you gone to a doctor or clinic for treatment since OCTOBER, 1995? →	YES <input type="checkbox"/>	NO <input type="checkbox"/>		
	b. If you answered "YES" to 5.a., please list:				
Most Recent Visit	Reason For Visit:	Month	Year		
1.					
2.					
3.					
6.					
	a. Have you been hospitalized or had surgery since OCTOBER, 1995? →	YES <input type="checkbox"/>	NO <input type="checkbox"/>		
	b. If you answered "YES" to 6.a., please list:				
Most Recent	Reason For Hospitalization or Surgery:	Month	Year		
1.					
2.					
3.					
REMARKS: If you use this space to further answer questions 1. through 6., place an "X" in the box to the right and print on the lines below.		<input type="checkbox"/>			
<p>I know that anyone who makes a false statement or representation of material fact for use in determining a right to payment under the Social Security Act commits a crime punishable under Federal Law. I affirm that the above statements are true.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; border: 1px solid black; padding: 5px;"> <p style="margin: 0;">SIGN HERE</p> <div style="border: 1px solid black; width: 100%; height: 30px; margin-top: 5px;"></div> </td> <td style="width: 40%; padding-left: 10px;"> <p style="margin: 0;">TODAY'S DATE</p> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <p style="margin: 0;">TELEPHONE NUMBER (include Area Code)</p> </td> </tr> </table>				<p style="margin: 0;">SIGN HERE</p> <div style="border: 1px solid black; width: 100%; height: 30px; margin-top: 5px;"></div>	<p style="margin: 0;">TODAY'S DATE</p> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <p style="margin: 0;">TELEPHONE NUMBER (include Area Code)</p>
<p style="margin: 0;">SIGN HERE</p> <div style="border: 1px solid black; width: 100%; height: 30px; margin-top: 5px;"></div>	<p style="margin: 0;">TODAY'S DATE</p> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <p style="margin: 0;">TELEPHONE NUMBER (include Area Code)</p>				
VR? Would you be interested in receiving vocational rehabilitation and related services which can help you obtain employment?		YES <input type="checkbox"/>	NO <input type="checkbox"/>		
Form SSA-455-OCR-SM (10-97)					



TOE 990

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999-99-9999

P9



Social Security Administration Disability Update Report Information and Completion Instructions

**Why We Are
Writing To
You Now**

The Social Security Administration must regularly review the cases of people getting disability benefits to make sure they are still disabled under our rules. It is time for us to review this case. Enclosed is a **Disability Update Report** for you to answer to update us about you (or the person for whom you are the representative payee), your health and medical conditions, any recent work activity, or any recent training.

**What To
Do First**

Please read the following information, **and** the instructions for completing the report form, **before** you answer the questions.

**When To
Respond**

Please complete the report, **sign it** and send it to us in the enclosed envelope within **30 days**. If there is no return envelope with the report, please send the signed report to us at:

Social Security Administration
P.O. Box 4550
Wilkes-Barre, PA 18767-4550

**What We Do
With Your
Answers**

We consider the information you give us together with the information in your claim record to decide if we need to do a full medical review. We will tell you within 90 days after we receive the completed report whether or not we need to do a full medical review now.

**If You Need
Help To
Answer The
Report**

It is important that the information you give us is accurate. We have tried to make the report questions easy to understand and answer. But, if you find that you do not understand a question or questions, please contact us, your authorized representative, a social service agency, your doctor or clinic, or some other person you trust.

**If You Need
To Contact
Us**

If you need to contact us, please call us toll-free at **1-800-772-1213** or **TTY for the hearing impaired at 1-800-325-0778**. We can answer most questions over the telephone. If you prefer to visit or call one of our offices, use the 800 number to get the local office address and telephone number. Please have the Disability Update Report with you if you call or visit an office. It will help us answer your questions. Also, if you plan to visit an office, you should call ahead to make an appointment. This will help us serve you.

**We May Need
To Contact
You**

Sometimes, we may need more information from you. If so, we will try to call you. If you do not have a telephone, please give us a number where we can leave a message for you. Please print the telephone number in the section provided on the back of the report form.

**If We Don't
Hear From You**

If you do not complete and return the report promptly, or tell us why you cannot respond, we may stop sending payments to you. If it is necessary to stop your payments, we will send you another letter telling you what we plan to do.

Appendix II
SSA's CDR Mailer Process

**If We Do A
Full Medical
Review**

If we decide to do a full medical review of your case, you can give us any information which you believe shows that you are still disabled, such as medical reports and letters from your doctors about your health. Then, we look at all the information in your case, including the new information you give us, and decide whether you continue to be disabled under our rules.

**Appeals And
Continued
Benefits**

When we review your case, we may find that you are no longer disabled under our rules, and your payments may stop. If your payments stop, you can appeal our decision and you can ask us to continue to make payments while you appeal.

**If You Want
To Work**

Do you want to work, but worry about losing your payments or Medicare before you can support yourself? We want to help you go to work when you are ready. But, work and earnings may affect your benefits. Your local Social Security office can tell you more about work incentives, and how work and earnings can affect your benefits.

**The Privacy
And
Paperwork
Reduction
Acts**

The information requested on this report is authorized by the Social Security Act, Sections 205(a) and 1631(e)(1)(A) and (B) and regulations at 20 CFR 404.1589 and 416.489. The information provided by you will be used to further document your claim and permit a determination about continuing disability.

Information requested on this report is voluntary. However, if you do not provide the required information, a decision based on the evidence in your case can result in a determination that your disability has ceased.

While the information you furnish on this report would almost never be used for any purpose other than making a determination about your disability, the law sometimes requires us to give out the facts on this form without your consent. Such information may be disclosed by SSA for the following purposes:

- To assist SSA in determining the right to Social Security benefits for yourself or another person.
- To facilitate statistical research and audit activities necessary to assure the integrity and improvement of programs administered by the Social Security Administration and another agency.

We may also use the information you give us when we match records by computer. Matching programs compare our records with those of other Federal, State, or local government agencies. Many agencies use matching programs to find or prove that a person qualifies for benefits paid by the Federal government. The law allows us to do this even if you do not agree to it.

Explanations about these and other reasons why information you provide us may be used or given out are available in Social Security offices. If you want to learn more about this, contact any Social Security office.

The Paperwork Reduction Act of 1995 requires us to notify you that this information collection is in accordance with the clearance requirements of section 3507 of the Paperwork Reduction Act of 1995. We may not collect or sponsor, and you are not required to respond to, a collection of information unless it displays a valid OMB control number.

**Time It
Takes To
Complete
This Form**

We estimate that it will take you about 15 minutes to complete this form. This includes the time it will take to read the instructions, gather the necessary facts, and fill out the form. If you have comments or suggestions on this estimate, write to the Social Security Administration, ATTN: Reports Clearance Officer, 1-A-21 Operations Building, Baltimore, MD 21235-0001. **Send only comments relating to our "time it takes" estimate to the office listed above. All requests for Social Security cards and other claims-related information should be sent to your local Social Security office, whose address is listed under Social Security Administration in the U.S. Government section of your telephone directory.**

**GENERAL
INSTRUCTIONS
— HOW TO
COMPLETE
“SCANNABLE”
FORMS**

The Disability Update Report is a scannable form which can be “read” electronically. To help us process your report, **please follow these instructions when you answer the questions on the report form:**

1. **USE BLACK INK OR A #2 PENCIL.**
2. **KEEP YOUR NUMBERS, LETTERS, AND “X’s” INSIDE THE RED BOXES.**
3. **NUMBERS:** Try to make your numbers look like these:

0	1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---	---

4. **LETTERS:** Print in **CAPITALS**. Try to make your letters look like these:

A	B	C	D	E	F	G	H	I	J	K	L	M
N	O	P	Q	R	S	T	U	V	W	X	Y	Z

5. **MONEY AMOUNTS:** Show dollars only. Do not use dollar signs (\$), and do not show cents. For example, show \$1,540.30 like this:

DOLLAR AMOUNT (NO CENTS)

0	1	5	4	0
---	---	---	---	---

6. **DATES:** Put a number in each box. For example, show February 9, 1997, like this:

	MONTH		YEAR
0	2	9	7

7. **THE REPORT PERIOD:** The “**report period**” is the period of time for which we need information. It is described at the top of the report form to the right of your name, and again in questions 1 through 6. Usually, the report period is the last 24 months, but it may be less. **It is important that you keep the report period in mind when answering the questions.**

HOW TO FILL OUT THE REPORT FORM

**QUESTION 1.a. -
Have You
Worked?**

If you have not worked during the report period, place an “X” in the red box below “NO”, and go on to question 2. If you have worked, mark the box below “YES”, and answer question 1.b.

**QUESTION 1.b. -
When You
Worked And
Your Monthly
Earnings**

Describe your most recent work activity first. Print the months and years you began and ended working in the boxes under “Work Began” and “Work Ended.” If you are working now, print the current month and year in the first set of red boxes under “Work Ended.” Print your gross monthly earnings for the periods you worked in the red boxes.

**QUESTION 2 -
School Or Work
Training**

Place an “X” in the box below “YES” if you have attended school and/or a training program during the report period; otherwise, mark the box below “NO”. This could include high school equivalency programs, college courses, vocational evaluation or retraining programs, but generally would not include group therapy or hobbies.

**QUESTION 3 -
Can You Work?**

Tell us if you have discussed with your doctor whether you can return to any kind of work, and if so, whether the doctor told you that you can return to work, even if the work permitted is less physically demanding and/or less stressful than your usual work. **Place an "X" in only 1 red box.**

**QUESTION 4 -
How Is Your
Health?**

We want to know how your overall health now compares to what it was at the beginning of the report period. You may feel that your health has gotten worse, has improved, or you may feel that your health is about the same and has not gotten better or worse. **Place an "X" in only 1 red box.**

**QUESTION 5 -
Treatment By A
Doctor Or Clinic**

A "doctor or clinic" can include treatment by a doctor, visiting nurse, family health center, psychologist, licensed counseling service, physical therapist, chiropractor or other licensed health provider.

**How To Answer
Question 5.a.**

If you have not been treated by a doctor or clinic during the report period, place an "X" in the red box below "NO", and go on to question 6. If you have gone to a doctor or clinic during the report period, mark the red box below "YES", and answer question 5.b.

**QUESTION 5.b. -
Reason For
The Visit**

Please start with the most recent visit and then work backwards in time. Print as much information as will fit, but keep a space between each word. Try to use the most important or key word(s), such as **ARTHRITIS** or **BAD BACK**, or **HYPERTENSION** or **HIGH BLOOD**. Your medical bills or doctor can provide a short, accurate description.

Date Of Visit

Print the month and year you were treated. Complete all 4 red boxes. For example, print April 10, 1997, as **04 97**.

NOTE: If needed, use the "REMARKS" section on side 2 of the form.

**QUESTION 6.a. -
Have You Been
Hospitalized Or
Had Surgery?**

Place an "X" in the red box below "NO" if you have not been hospitalized or not had surgery during the report period, and go on to question 7. If you have been hospitalized or had surgery during the report period, then place an "X" in the red box below "YES" and answer question 6.b.

**QUESTION 6.b. -
Reason For
Treatment**

Please report your most recent treatment first and then work backwards in time. Try to provide the most important information. Keep a space between each word. Your medical bills or doctor can provide short, accurate words.

**Date of
Treatment**

Print the month and year you were hospitalized or had surgery. Be sure to use all four spaces. If you were hospitalized more than one month, print the last month you were hospitalized.

NOTE: If needed, use the "REMARKS" section on side 2 of the form.

**Remarks
Section**

If you need more room to answer questions 1.b., 5.b. and/or 6.b., or there are any other facts or statements you want us to consider, place an "X" in the box and write in this section. If necessary, use an extra piece of paper.

**Signature, Date and
Telephone Sections**

Please sign the report form as you usually sign your name. Please provide a telephone number where you can be reached during the day.

**Referral For
Rehabilitation
Services**

If you would like to be referred for vocational rehabilitation and other services to help you obtain employment, place an "X" in the red box below "YES". If you are not interested in a referral, mark the red box below "NO". **This answer is not used to decide whether we need to do a full medical review of your case.**

CDRs Due or Overdue and CDRs to Be Processed Under SSA's Revised Plan During Fiscal Years 1998-2002

For certain “deferred” beneficiary groups, SSA does not plan to do any CDRs (see table 1). For all nondeferred beneficiary groups, however, SSA plans to complete all required CDRs that are due or overdue during fiscal years 1998 to 2002 except those for (1) beneficiaries whose CDRs are due to start too close to the end of fiscal year 2002 to be completed by year-end, (2) beneficiaries who become old enough to move into the deferred age groups before being selected for CDRs, (3) beneficiaries who die before CDRs are completed, and (4) SSI beneficiaries whose benefits are terminated, due to income and resources, before CDRs are completed. For the nondeferred groups, SSA estimates the total number of due or overdue CDRs during fiscal years 1998 through 2002 will be about 10.3 million, of which 7.5 million are required by law, primarily for DI worker beneficiaries and SSI children (see table III.1.)

Table III.1: CDRs to Be Completed Under SSA's Revised Plan, Fiscal Years 1998-2002

Numbers in thousands		
Beneficiary group	Total CDRs due or overdue ^a	Total CDRs to be completed
DI CDRs required by law^b	6,114	4,990
Disabled workers under age 62	5,383	4,380
Disabled adult children under age 65	688	589
Disabled surviving spouses under age 60	43	21
SSI CDRs required by law	1,391	1,116
Disabled children under age 18 not permanently impaired	982	731
Low birth weight infants ^c	131	120
Children who attain age 18	278	265
Elective SSI CDRs	2,760	2,030
Disabled and blind adults under age 65	2,760	2,030
Total	10,265	8,136

^aThe total CDRs due or overdue during fiscal years 1998 through 2002 include (1) beneficiaries whose CDRs are due to start too close to the end of fiscal year 2002 to be completed by year-end, (2) beneficiaries who become old enough to move into the deferred age groups before being selected for CDRs, (3) beneficiaries who die before CDRs are completed, and (4) SSI beneficiaries whose benefits are terminated, due to income and resources, before CDRs are completed.

^bBeneficiaries concurrently receiving SSI and DI benefits are included in the DI beneficiary categories.

^cLow birth weight infants include children over age 3 who initially were put on the disability rolls before age 2.

Source: SSA.

Comments From the Social Security Administration



SOCIAL SECURITY

Office of the Commissioner

August 6, 1998

Ms. Cynthia M. Fagnoni
Director, Income Security Issues
U.S. General Accounting Office
Washington, D.C. 20548

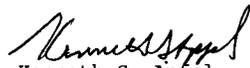
Dear Ms. Fagnoni:

Thank you for the opportunity to comment on the draft report, "Social Security Disability: SSA Making Progress in Conducting Continuing Disability Reviews" (GAO/HEHS-98-198).

The report accurately reflects the Social Security Administration's (SSA) commitment to eliminate the continuing disability review (CDR) backlog by Fiscal Year 2002. SSA is now in its third year of a plan to eliminate the backlog and become current in the processing of statutorily mandated CDRs in both the Social Security disability insurance and the Supplemental Security Income programs. We believe that good progress has been made in eliminating the CDR backlog, thereby increasing public confidence in the integrity of these programs by ensuring that benefits are paid only to people who continue to be disabled.

While the Agency's plan acknowledges that there may be some potential workload increases that affect the State Disability Determination Services, there will be no reduced ability to do CDRs. The funding approved for CDRs is dedicated to this workload and any needed adjustments will be made elsewhere. Enclosed are technical comments on the report. If you have any questions, please call me or have your staff contact Sandy Miller at (410) 965-0372.

Sincerely,


Kenneth S. Apfel
Commissioner
of Social Security

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

Related GAO Products

Social Security Disability: SSA Is Making Progress Toward Eliminating Continuing Disability Review Backlogs ([GAO/T-HEHS-97-222](#), Sept. 25, 1997).

Social Security Disability: SSA Must Hold Itself Accountable for Continued Improvement in Decision-Making ([GAO/HEHS-97-102](#), Aug. 12, 1997).

Social Security: Disability Programs Lag in Promoting Return to Work ([GAO/HEHS-97-46](#), Mar. 17, 1997).

SSA Disability Redesign: Focus Needed on Initiatives Most Crucial to Reducing Costs and Time ([GAO/HEHS-97-20](#), Dec. 20, 1996).

Supplemental Security Income: SSA Is Taking Steps to Review Recipients' Disability Status ([GAO/HEHS-97-17](#), Oct. 30, 1996).

Social Security Disability: Alternatives Would Boost Cost-Effectiveness of Continuing Disability Reviews ([GAO/HEHS-97-2](#), Oct. 16, 1996).

Social Security Disability: Improvements Needed in Continuing Disability Review Process ([GAO/HEHS-97-1](#), Oct. 16, 1996).

Social Security: New Continuing Disability Review Process Could Be Enhanced ([GAO/HEHS-94-118](#), June 27, 1994).

Social Security: Continuing Disability Review Process Improved, but More Targeted Reviews Needed ([GAO/T-HEHS-94-121](#), Mar. 10, 1994).

Social Security: Increasing Number of Disability Claims and Deteriorating Service ([GAO/HRD-94-11](#), Nov. 10, 1993).

Social Security Disability: SSA Needs to Improve Continuing Disability Review Program ([GAO/HRD-93-109](#), July 8, 1993).

Social Security: Effects of Budget Constraints on Disability Program ([GAO/HRD-88-2](#), Oct. 28, 1987).

Social Security Disability: Implementation of the Medical Improvement Review Standard ([GAO/HRD-87-3BR](#), Dec. 16, 1986).

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