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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**THE APPEALS PROCESS  
FOR MEDICARE PART D  
LOW-INCOME SUBSIDY  
ELIGIBILITY DETERMINATIONS**

**March 2008**

**A-06-08-18005**

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**AUDIT REPORT**

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## **Mission**

**By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.**



# SOCIAL SECURITY

## MEMORANDUM

Date: March 14, 2008

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Appeals Process for Medicare Part D Low-Income Subsidy Eligibility Determinations (A-06-08-18005)

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) effectively managed appeals requested by individuals whose applications for the Medicare Part D low-income subsidy were denied.

## BACKGROUND

The *Medicare Prescription Drug, Improvement, and Modernization Act of 2003*<sup>1</sup> established the Voluntary Prescription Drug Benefit Program, also known as Medicare Part D, to provide prescription drug benefits for Medicare beneficiaries in the United States. Medicare Part D provides for certain low-income individuals to receive premium, deductible and co-payment subsidies. While the Centers for Medicare and Medicaid Services (CMS) has the overall responsibility for implementing the prescription drug benefit, SSA is responsible for processing low-income subsidy applications and determining eligibility.

SSA determines subsidy eligibility through a review of the applicant's income, resources, and ownership of real property, as disclosed on the individual's application for a subsidy. The results are compared to income levels in Federal Poverty Guidelines and established resource limits. SSA's subsidy eligibility determinations are subject to appeal/administrative review. Administrative review must be requested within 60 days after the date the individual receives notice of the initial determination. Applicants who appeal the initial determinations can either request a telephone hearing or case review. These hearings will be conducted by individuals who were not involved in making the initial determination. If an individual is dissatisfied with SSA's final decision, he/she may file an action in Federal district court. As of March 2007, SSA had denied over 2.9 million applications for the low-income subsidy.

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<sup>1</sup> Pub. L. No. 108-173.

To address the initial volume of subsidy determination appeals associated with the Medicare Part D Program, in June 2005, SSA created 6 Subsidy Appeals Units (SAU) staffed with approximately 100 new, detailed and assigned employees. Since that time, SSA has reduced the number of SAUs from six to the one currently operating in Woodlawn, Maryland. As of May 25, 2007, the SAU had closed 82,807 appeals, and another 2,453 appeals were pending.

## **RESULTS OF REVIEW**

SSA effectively managed appeals requested by individuals whose applications for the Medicare Part D low-income subsidy were denied. Our review of 100 closed appeals found that subsidy determination reviewers documented contacts and discussions with appellants and noted supplemental information that justified their decisions.

However, the SAU did not meet its internal operational goals of processing 75 percent of all appeals within 60 days or 100 percent of appeals within 90 days.<sup>2</sup> Our review of filing and closure dates of 82,807 appeal decisions issued from June 2005 to May 2007 disclosed the processing times for 36,859 cases (45 percent) exceeded 60 days, and the processing times for 22,263 cases (27 percent) exceeded 90 days. SAU personnel stated the timeliness goals were not met for two primary reasons: (1) field offices did not properly finalize and forward appeals to the SAU, resulting in delayed assignment to a subsidy determination reviewer or (2) systems interface issues prevented appeals cases closed in the Case Processing and Management System (CPMS) from updating Medicare Application Processing System (MAPS) and being transmitted to CMS. Addressing these issues will help ensure the appeal decisions are rendered in a timely manner.

### **Appeal Cases Not Timely Submitted to the SAU**

Low-income subsidy eligibility determination appeals SSA received were not always timely submitted to the SAU for processing. SSA instructs individuals who appeal eligibility determinations to submit appeal requests in person at a field office, over the telephone through SSA's 800 number service, or via mail to the Wilkes-Barre Data Operations Center. Appeal processing time begins when SSA personnel at these locations input appeal information into MAPS development worksheets. Once the information is input in MAPS, SSA personnel must input the command "Submit To AU" to forward the cases to the SAU for review.

According to SAU personnel, SSA staff does not always input the "Submit To AU" command after completing the development worksheets. In these instances, appeals cases remained open/unresolved for extended periods, in some cases increasing the case processing time beyond the 60-day goal. The SAU identified this problem when it observed the number of appeals cases opened in MAPS exceeded the number of appeals cases received in the SAU and took action to identify and work these cases. However, this problem still adds several extra days to appeal processing time.

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<sup>2</sup> In May 2007, the Commissioner formally established the goal of processing 75 percent of all appeals within 60 days as an Agency standard.

In response to this audit finding, SSA took action to identify all appeal cases pending in offices other than the SAU. On January 11, 2008, SSA Operations staff forwarded each SSA region a listing that identified pending appeal cases and requested region offices work with their field offices to ensure the cases were submitted to the SAU as quickly as possible. SSA instructed the regions to remind field office staff they should submit subsidy appeals as soon as the cases are posted to MAPS. Operations staff will continue to monitor pending appeals and provide regions with updated listings each month.

### **Appeal Decisions Not Updated in MAPS**

Appeal decisions input into the CPMS did not always update MAPS to allow transmission of the appeal decision to CMS. To illustrate, the SAU provided a September 6, 2007 report, *Workload Listings*, which detailed 47 open appeals with an age range of 252 to 631 days (27 of those open appeals were over 400 days). Each of these appeals is closed in CPMS but remains open in MAPS.

To mitigate this issue, the SAU notified the Office of Systems of this problem and took action to identify appeals closed in the CPMS but open in MAPS. Additionally, the SAU ensured individuals who obtained favorable appeal determinations received the subsidy despite the fact that the appeals were not closed in MAPS. In these cases, the SAU provided "Dire Need" letters to CMS to initiate the subsidy for affected individuals.

## **CONCLUSIONS AND RECOMMENDATIONS**

SSA effectively managed the Medicare Part D low-income subsidy appeals process. Our review of closed appeals found that all cases we reviewed were properly documented, and the decisions were justified based on the subsidy determination reviewer's notes and the information provided by the applicants. For technical and administrative reasons, SSA did not meet its timeliness goals for processing appeals within 60 days. However, the SAU took action to ensure individuals awarded the subsidy received it in a timely manner. Addressing the technical and administrative issues will improve claims processing time and help move SSA toward achieving its low-income subsidy claim processing goals.

We recommend that SSA:

1. Take appropriate action to ensure all CPMS appeal closings are automatically posted to MAPS.

**AGENCY COMMENTS**

SSA agreed with our recommendation. The Agency's comments are included in Appendix C.

A handwritten signature in black ink, appearing to read "P. P. O'Carroll, Jr.", written in a cursive style.

Patrick P. O'Carroll, Jr.

# *Appendices*

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Agency Comments

[APPENDIX D](#) – OIG Contacts and Staff Acknowledgments

## Acronyms

CMS	Centers for Medicare and Medicaid Services
CPMS	Case Processing and Management System
MAPS	Medicare Application Processing System
Pub. L. No.	Public Law Number
SAU	Subsidy Appeal Units
SSA	Social Security Administration



# Scope and Methodology

Our objective was to determine whether the Social Security Administration (SSA) effectively managed appeals requested by individuals whose applications for the Medicare Part D low income subsidy were denied.

In conducting our audit, we:

- Reviewed applicable Federal Law and SSA's policies and procedures concerning the appeals process for the Medicare Part D low-income subsidy.
- Interviewed Headquarters and Subsidy Appeals Unit personnel.
- Reviewed SSA's documentation of the appeals process and methodology for determining disposition of the subsidy appeals.
- Analyzed data on appeals with dispositions to determine the timeliness of closing the subsidy appeals. We reviewed filing and closure dates of 82,807 appeals filed from August 2005 to May 2007.
- Reviewed a randomly selected sample of 50 of the 82,807 closed appeals. Review of these appeal cases indicated subsidy determination reviewers documented contacts and discussions with appellants and noted supplemental information that justified their decisions in all 50 cases.
- Reviewed the 50 appeal cases with the highest number of days between initial filing and final disposition. Review of these appeals also indicated subsidy determination reviewers documented contacts and discussions with appellants and noted supplemental information that justified their decisions in all 50 cases.

We conducted our audit in accordance with generally accepted government auditing standards from May through October 2007. We did not test the general or application controls of SSA systems that generated electronic data used for this audit. Instead, we traced selected transactions to source documents and performed other validation tests and found the data to be sufficiently reliable to meet our audit objectives. The entity audited was the Subsidy Appeals Unit within the Office of Disability and Income Security Programs.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** February 27, 2008

**Refer To:** S1J-3

**To:** Patrick P. O'Carroll, Jr.  
Inspector General

**From:** David Foster /s/  
Chief of Staff

**Subject** Office of the Inspector General (OIG) Draft Report, "The Appeals Process for Medicare Part D Low-Income Subsidy Eligibility Determinations" (A-06-08-18005)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our response to the recommendation is attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL’S (OIG) DRAFT REPORT, “THE APPEALS PROCESS FOR MEDICARE PART D LOW-INCOME SUBSIDY ELIGIBILITY DETERMINATIONS” (A-06-08-18005)**

Thank you for the opportunity to review and comment on this draft report. We are pleased that OIG acknowledged in this report that the Social Security Administration (SSA) has effectively managed the Medicare Part D low-income subsidy appeals process.

We would like to comment about the statement in the conclusion portion of the report that reads, “For technical and administrative reasons, SSA did not meet its timeliness goals for processing appeals within 60 days.” As footnoted on page 2, the Commissioner formally established the timeliness standards as Agency goals for SAU processing in May 2007. The first tracking report for fiscal year 2007 was through the month ending May 25, 2007 and it shows that 78 percent of the appeals were processed within 60 days.

**Recommendation 1**

SSA should take appropriate action to ensure all Case Processing and Management System (CPMS) appeals closings are automatically posted to Medicare Application Processing System (MAPS).

**Comment**

We agree. We are currently reviewing CPMS and MAPS to determine what improvements can be made to enhance communication between the two systems. The analysis should be complete by the end of May 2008. The nature of the solution will determine how quickly it can be implemented.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Ron Gunia, Director, Dallas Audit Division, (214) 767-6620

### ***Acknowledgments***

In addition to those named above:

Warren Wasson, Senior Auditor

Brennan Kraje, Statistician

For additional copies of this report, please visit our web site at [www.ssa.gov/oig](http://www.ssa.gov/oig) or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-06-08-18005.

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The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Resource Management (ORM). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

## **Office of Audit**

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

## **Office of Investigations**

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

## **Office of the Chief Counsel to the Inspector General**

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

## **Office of Resource Management**

ORM supports OIG by providing information resource management and systems security. ORM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, ORM is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.