



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Processing Times for Continuing  
Disability Review Pre-hearing Case  
Reviews at the Reconsideration Level  
of Appeal

*A-07-18-50391 | August 2018*



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** August 29, 2018

**Refer To:**

**To:** The Commissioner

**From:** Acting Inspector General

**Subject:** Processing Times for Continuing Disability Review Pre-hearing Case Reviews at the Reconsideration Level of Appeal (A-07-18-50391)

The attached final report presents the results of the Office of Audit's review. The objective was to identify the reasons for delays that contributed to processing times longer than 6 months for continuing disability reviews at the pre-hearing case review step at the reconsideration level of appeal.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

A handwritten signature in black ink that reads 'Gale Stallworth Stone'.

Gale Stallworth Stone

Attachment

# Processing Times for Continuing Disability Review Pre-hearing Case Reviews at the Reconsideration Level of Appeal

## A-07-18-50391



August 2018

Office of Audit Report Summary

### Objective

To identify the reasons for delays that contributed to processing times longer than 6 months for continuing disability reviews (CDR) at the pre-hearing case review step at the reconsideration level of appeal.

### Background

The Social Security Administration (SSA) discontinues benefits when a CDR reveals an individual no longer meets the medical requirements for disability. Individuals may appeal this determination. The first step in the appeal process—a pre-hearing case review at the reconsideration level—is a new, independent evaluation of all the evidence.

The *Social Security Act* allows individuals to continue receiving benefits during a medical cessation appeal. However, SSA assesses overpayments to individuals who received continued benefits and an unfavorable decision on appeal. In addition, SSA issues underpayments to individuals who did not receive continued benefits and received a favorable decision on appeal.

Of 68,647 CDRs that went through the pre-hearing case review step at the reconsideration level of appeal in Calendar Years 2014 through 2016, we identified 15,952 with processing times that exceeded 6 months. From this population, we reviewed 120 CDR appeals.

### Findings

Delays at the pre-hearing case review step at the reconsideration level contributed to processing times longer than 6 months for 82 of the 120 CDR appeals we reviewed. These delays occurred because (1) CDR appeals were awaiting assignment to disability examiners, (2) examiners had periods of no work activity on the appeals, (3) employees made errors in processing the appeals, (4) field offices did not transfer appeals to the disability determination services (DDS) timely, (5) employees prolonged processing determinations, and (6) DDSs were waiting to receive paper folders.

For 28 of the 82 CDR appeals, the delays contributed to over- and underpayments SSA could have avoided at the pre-hearing case review step at the reconsideration level. Specifically, had SSA processed pre-hearing case reviews at the reconsideration level within 6 months of the CDR appeal requests, it could have avoided the following.

- Overpayments to 11 individuals who received benefits during the pre-hearing case review step at the reconsideration level. We project SSA could have avoided approximately \$6.7 million in overpayments to 2,696 individuals.
- Underpayments to 12 individuals who did not receive benefits during the pre-hearing case review step at the reconsideration level. We project 376 individuals would not have waited for more than \$1 million in payments.
- Potential overpayments to five individuals who had appeals pending with an administrative law judge as of June 2018. SSA will assess overpayments to these individuals if it determines they are not disabled. SSA could have avoided over \$38,000 in potential overpayments to these individuals.

### Recommendations

We made two recommendations for SSA to address delays at the pre-hearing case review step at the reconsideration level.

SSA agreed with our recommendations.

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## ABBREVIATIONS

ALJ	Administrative Law Judge
CDR	Continuing Disability Review
C.F.R.	Code of Federal Regulations
CY	Calendar Year
DCPS	Disability Case Processing System
DDS	Disability Determination Services
DHU	Disability Hearing Unit
FY	Fiscal Year
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code

## OBJECTIVE

Our objective was to identify the reasons for delays that contributed to processing times longer than 6 months for continuing disability reviews (CDR) at the pre-hearing case review step at the reconsideration level of appeal.

## BACKGROUND

The Social Security Administration (SSA) administers two programs that provide benefits based on disability. The Disability Insurance program makes monthly income available to insured workers and their families if the worker becomes disabled.<sup>1</sup> Supplemental Security Income is a means-tested program designed to provide a minimum level of income to financially needy individuals who are aged, blind, or disabled.<sup>2</sup>

Once an individual begins receiving disability benefits under the Disability Insurance or Supplemental Security Income program, SSA periodically conducts CDRs on beneficiaries to determine whether they remain medically eligible for disability benefits.<sup>3</sup> SSA discontinues benefits when a CDR reveals an individual no longer meets the medical requirements for disability, referred to as a CDR medical cessation determination.

Disability examiners at State disability determination services (DDS) make most medical cessation determinations.<sup>4</sup> However, individuals may appeal their medical cessation determinations. A pre-hearing case review at the DDS is the first step of the reconsideration level of appeal for a CDR medical cessation determination. The pre-hearing case review is a new, independent evaluation of all evidence, including any additional or updated information. Based on the pre-hearing case review, the DDS determines whether the individual remains disabled under SSA's rules.<sup>5</sup> If the DDS does not determine the individual remains disabled at the pre-hearing case review step, the case automatically goes to the DDS' disability hearing unit (DHU) for a disability hearing at the reconsideration level.<sup>6</sup> If the DHU determines the individual is no longer disabled, the individual can appeal to an administrative law judge (ALJ).<sup>7</sup>

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<sup>1</sup> *Social Security Act*, 42 U.S.C. § 423 (2016); 20 C.F.R. § 404.101 (2017).

<sup>2</sup> *Social Security Act*, 42 U.S.C. § 1381 (2016); 20 C.F.R. § 416.101 (2017).

<sup>3</sup> 20 C.F.R. §§ 404.1590 and 416.990 (2017).

<sup>4</sup> SSA employees in the Office of Central Operations' Office of International Operations and Dallas Disability Processing Unit also make medical CDR determinations.

<sup>5</sup> 20 C.F.R. §§ 404.913(a) and 416.1413(a) (2017).

<sup>6</sup> 20 C.F.R. §§ 404.914 and 416.1414 (2017).

<sup>7</sup> 20 C.F.R. §§ 404.929 and 416.1429 (2017).

Once SSA decides an individual is no longer eligible for disability benefits after a CDR, it informs the individual of its decision and discontinues benefits 2 months after the cessation determination.<sup>8</sup> The *Social Security Act* allows individuals to continue receiving benefits during appeal of a medical cessation determination.<sup>9</sup> However, SSA assesses overpayments to individuals who receive an unfavorable decision or dismissal on appeal if they received continued benefits during the appeal process.<sup>10</sup> In addition, SSA issues underpayments to individuals who receive favorable decisions on appeal if they did not receive continued benefits during the appeal process.

To identify reasons for delays at the pre-hearing case review step of the reconsideration level, we obtained an extract of 111,931 initial CDR cessation determinations in Calendar Year (CY) 2014.<sup>11</sup> Of these, 68,647 went through the pre-hearing case review step at the reconsideration level of appeal in CYs 2014 through 2016 (see Table 1).<sup>12</sup>

**Table 1: Processing Times for Pre-hearing Case Reviews at the Reconsideration Level**

Determination After Pre-hearing Case Review at the Reconsideration Level	Total CDR Appeals	6 Months or Less	7 to 18 Months	Longer than 18 Months
Disability continued	<b>19,108</b>	17,028	2,070	10
Disability did not continue <sup>13</sup>	<b>49,539</b>	35,667	13,475	397
<b>Total</b>	<b>68,647</b>	<b>52,695</b>	<b>15,545</b>	<b>407</b>

<sup>8</sup> SSA, *POMS, DI-Disability Insurance*, ch. DI 280, subch. DI 28001.001, sec. C and D (May 18, 2015).

<sup>9</sup> *Social Security Act*, 42 U.S.C. § 423(g)(1) (2016); 20 C.F.R. § 404.1597a (2017) and *Social Security Act*, 42 U.S.C. § 1383(a)(7) (2016); 20 C.F.R. § 416.996 (2017).

<sup>10</sup> 20 C.F.R. §§ 404.1597a(j) and 416.996(g) (2017).

<sup>11</sup> See Appendix A for the scope and methodology of our review.

<sup>12</sup> For the remaining 43,284 CDRs, the individuals did not appeal or did not receive a determination at the DDS reconsideration level in CYs 2014 through 2016.

<sup>13</sup> These 49,539 CDR appeals received a determination that disability did not continue after the pre-hearing case review step at the reconsideration level and went to the DHU for a disability hearing.

From the 68,647 CDRs that went through the pre-hearing case review step at the reconsideration level of appeal in CYs 2014 through 2016, we identified 15,952 with processing times that exceeded 6 months.<sup>14</sup> From this population, we reviewed 120 CDR appeals from the following 4 sampling frames to identify reasons for delays that contributed to processing times longer than 6 months.<sup>15</sup>

- **Sampling Frame 1:** A random sample of 50 CDR appeals from the 2,070 that took between 7 and 18 months to receive a determination that disability continued after the pre-hearing case review step at the reconsideration level.
- **Sampling Frame 2:** All 10 CDR appeals that took longer than 18 months to receive a determination that disability continued after the pre-hearing case review step at the reconsideration level.
- **Sampling Frame 3:** A random sample of 50 CDR appeals from the 13,475 that took between 7 and 18 months to receive a determination that disability did not continue after the pre-hearing case review step at the reconsideration level.
- **Sampling Frame 4:** A random sample of 10 CDR appeals from the 397 that took longer than 18 months to receive a determination that disability did not continue after the pre-hearing case review step at the reconsideration level.

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<sup>14</sup> SSA did not have a published processing time goal for the CDR pre-hearing case review step at the reconsideration level of appeal, which was the subject of this review. However, SSA had a Fiscal Year (FY) 2018 goal to complete reconsiderations of *initial* disability claims within 102 days (approximately 3 months.) See SSA, *FY 2019 Budget Overview*, p. 6 (2018). Since DDSs process CDR pre-hearing case reviews at the reconsideration level similarly to reconsiderations of initial disability claims, we expect the processing times should be similar. Therefore, we determined CDR pre-hearing case reviews at the reconsideration level with processing times longer than 6 months (almost twice the expected processing time for initial disability claims) warranted further review.

<sup>15</sup> See Appendix B for the detailed sampling methodology for this review.

## RESULTS OF REVIEW

Delays at the pre-hearing case review step at the reconsideration level contributed to processing times longer than 6 months for 82 of the 120 CDR appeals we reviewed.<sup>16</sup> These delays occurred because (1) CDR appeals awaited assignment to disability examiners, (2) examiners had periods of no work activity on the appeals, (3) employees made errors in processing the appeals, (4) field offices did not transfer appeals to the DDSs timely, (5) employees prolonged processing determinations, and (6) DDSs were waiting to receive paper folders.

For 28 of the 82 CDR appeals, the delays contributed to over- and underpayments SSA could have avoided at the pre-hearing case review step at the reconsideration level.<sup>17</sup> Specifically, had SSA processed pre-hearing case reviews at the reconsideration level within 6 months of the CDR appeal requests, it could have avoided the following.

- Overpayments to 11 individuals who received benefits during the pre-hearing case review step at the reconsideration level and SSA determined were not disabled after subsequent appeals. We project SSA could have avoided approximately \$6.7 million in overpayments to 2,696 individuals had it processed the pre-hearing case review step at the reconsideration level within 6 months of the appeal requests.
- Underpayments to 12 individuals who did not receive benefits during the pre-hearing case review step at the reconsideration level and DDSs determined were disabled. We project 376 individuals would not have waited for more than \$1 million in payments had SSA processed the pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests.
- Potential overpayments to five individuals who had hearings pending with an ALJ as of June 2018. SSA will assess overpayments to these individuals if it determines they are not disabled. SSA could have avoided over \$38,000 in potential overpayments to these individuals had it processed the pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests.

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<sup>16</sup> The remaining 38 CDR appeals did not have delays that contributed to processing times longer than 6 months at the pre-hearing case review step at the reconsideration level. Specifically, we identified documentation that SSA components and the DDSs worked on the CDR appeals throughout the pre-hearing case review step at the reconsideration level without notable delays. Documentation included, for example, contact with the individual, requests for medical evidence or consultative examination, or communication between the examiner and support staff or a medical consultant.

<sup>17</sup> The other 54 CDR appeals with delays did not result in over- or underpayments SSA could have avoided. Specifically, 50 individuals received benefits during their appeals and SSA subsequently determined they were disabled at the pre-hearing case review step at the reconsideration level. The remaining four individuals did not receive continued benefits during appeal and SSA determined they were not disabled after appeal.

## Reasons for Delays

Delays at the pre-hearing case review step at the reconsideration level contributed to processing times longer than 6 months for 82 of the 120 CDR appeals we reviewed. We identified six reasons for the delays, as shown in Table 2.

**Table 2: Reasons for Delays Contributing to Processing Times that Exceeded 6 Months at the Pre-hearing Case Review Step at the Reconsideration Level<sup>18</sup>**

Reasons	Disability Continued	Disability Did Not Continue	Total
Awaiting assignment to a disability examiner	35	15	<b>50</b>
Disability examiner work inactivity	9	2	<b>11</b>
Errors in processing appeals	1	6	<b>7</b>
Delayed transfer to the DDS	0	6	<b>6</b>
Prolonged processing of determinations	5	0	<b>5</b>
Awaiting paper folders	0	3	<b>3</b>
<b>Total</b>	<b>50</b>	<b>32</b>	<b>82</b>

### *Awaiting Assignment to a Disability Examiner*

DDSs did not assign 50 CDR appeals to disability examiners for a pre-hearing case review at the reconsideration level for 3 to 12 months after the DDSs received the appeals from the field offices. Once the DDS receives the CDR appeal, it assigns the appeal to a disability examiner to complete the pre-hearing case review step at the reconsideration level.<sup>19</sup> However, DDSs did not always assign CDR appeals promptly. In some cases, there was a backlog in assigning the appeals. However, in other cases, SSA did not provide reasons for the delays. For example, the DDS received an appeal from the field office in August 2014 but did not assign it to an examiner until March 2015—7 months later. In May 2015, the examiner determined the beneficiary was not disabled. The case proceeded to the DHU step at the reconsideration level and the ALJ appeal level where it was also determined the beneficiary was not disabled. In accordance with Federal regulations,<sup>20</sup> SSA assessed this beneficiary an overpayment for the continued benefits received during all levels of appeal. For the pre-hearing case review step, the overpayment

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<sup>18</sup> CDR appeals may have had multiple reasons for delays; however, we categorized the delays based on the longest delay at the pre-hearing case review step at the reconsideration level.

<sup>19</sup> SSA, *POMS, DI-Disability Insurance*, ch. DI 810, subch. DI 81020.255, sec. B.1 (December 14, 2011).

<sup>20</sup> 20 C.F.R. §§ 404.1597a(j) and 416.996(g) (2017).

assessed totaled \$7,794.<sup>21</sup> SSA could have avoided \$3,925 of this overpayment had it processed the pre-hearing case review at the reconsideration level within 6 months of the appeal request.

### *Disability Examiner Work Inactivity*

For 11 CDR appeals to the pre-hearing case review step at the reconsideration level, DDS examiners had periods with no work activity. Specifically, we identified notable delays in examiner work activity throughout the pre-hearing case review based on documentation in SSA's systems. Documentation included contact with the individual, requests for medical evidence or consultative examination, or communication with support staff or a medical consultant. For example, one examiner stopped working on a CDR appeal in August 2015 for unknown reasons. The examiner began working on the case again in July 2016—11 months later—and determined the recipient's disability continued. Because the recipient did not receive payments during appeal, he was due \$12,649. However, the recipient would not have waited for \$10,246 of these payments had SSA processed the pre-hearing case review at the reconsideration level within 6 months of the appeal request.

### *Errors in Processing Appeals*

DDSs and SSA components made general oversight errors while they processed seven CDR appeals at the pre-hearing case review step at the reconsideration level. For example, one recipient requested an appeal in September 2014. Later that month, the DDS added a message to the electronic folder stating a form was missing, and it would not begin its review until the field office provided the form. In February 2016, the field office provided the requested form—17 months after the initial DDS message. In August 2016, the DDS determined the recipient was not disabled after the pre-hearing case review. The case proceeded to the DHU step at the reconsideration level where it was also determined the recipient was not disabled. As of June 2018, the recipient's appeal was pending with an ALJ and payments continued. If the ALJ determines the recipient is not disabled, SSA will assess an overpayment for the continued payments received at all levels of appeal, in accordance with Federal regulations.<sup>22</sup> This potential overpayment will include \$16,823 the recipient received during the pre-hearing case review step. SSA could have avoided \$12,461 of the \$16,823 in potential overpayments had it processed the pre-hearing case review at the reconsideration level within 6 months of the appeal request.

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<sup>21</sup> The individual received an additional \$1,542 in benefits at the pre-hearing case review step at the reconsideration level, but SSA did not classify these as overpayments because it allows 2 months of benefits after a medical cessation determination. SSA, *POMS, DI-Disability Insurance*, ch. DI 280, subch. DI 28001.001, sec. C (May 18, 2015).

<sup>22</sup> 20 C.F.R. §§ 404.1597a(j) and 416.996(g) (2017).

## *Delayed Transfer to the DDS*

Field offices did not transfer six CDR appeals to the DDSs for 4 to 17 months after the individuals requested appeal to the pre-hearing case review step at the reconsideration level. SSA's field offices receive requests for appeal and input appeal information into the electronic folder. After reviewing the cases in the electronic folder, field office employees transfer the cases to the DDS for processing.<sup>23</sup> However, field office employees did not always transfer the appeals to the DDSs promptly. For example, one recipient requested an appeal in April 2014. However, the field office did not transfer the appeal to the DDS until August 2014—4 months later. In January 2015, the examiner determined the recipient was not disabled. The case proceeded to the DHU step at the reconsideration level and ALJ level of appeal where it was also determined the recipient was not disabled. In accordance with Federal regulations,<sup>24</sup> SSA assessed this recipient an overpayment for the payments received during all the levels of appeal. For the pre-hearing case review step, the overpayment assessed totaled \$5,780.<sup>25</sup> SSA could have avoided \$2,175 of this overpayment had it processed the pre-hearing case review at the reconsideration level within 6 months of the appeal request.

## *Prolonged Processing of Determinations*

Five CDR appeals resulted in determinations that disability continued after the pre-hearing case review step at the reconsideration level, but there were delays in processing the determinations. When the DDS determines disability continues, it transfers the case to an SSA field office for final processing.<sup>26</sup> However, the DDSs did not send some cases to the correct field office for final processing, while, in other cases, the field offices did not process the continuance determinations timely. For example, in July 2014, the DDS determined one beneficiary's benefits should continue. However, the DDS sent the case to an SSA program service center instead of the field office. Nearly 1 year later, in June 2015, the DDS became aware of the error and forwarded the case to the field office for processing. Since the beneficiary did not receive benefits during the appeal, he was due \$11,412 after SSA processed the continuance. However, the beneficiary would not have waited for \$5,735 of these payments had SSA processed the pre-hearing case review at the reconsideration level within 6 months of the appeal request.

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<sup>23</sup> SSA, *POMS, DI-Disability Insurance*, ch. DI 810, subch. DI 81010.255, sec. B.2 (March 9, 2012).

<sup>24</sup> 20 C.F.R. §§ 404.1597a(j) and 416.996(g) (2017).

<sup>25</sup> The individual received an additional \$1,442 in benefits at the pre-hearing case review step at the reconsideration level, but SSA did not classify these as overpayments—see Footnote 21.

<sup>26</sup> SSA, *POMS, DI-Disability Insurance*, ch. DI 810, subch. DI 81010.255, sec. B.4 (March 9, 2012).

## *Awaiting Paper Folders*

Three CDR appeals involved locating paper folders that delayed processing the pre-hearing case reviews at the reconsideration level. SSA retains most official disability records in the electronic folder. However, sometimes an exclusion exists and SSA must create a paper folder.<sup>27</sup> DDSs must often wait to receive the paper folder associated with the CDR appeal before they can begin processing.<sup>28</sup> For example, a DDS requested a paper folder from a field office in February 2015. However, the field office did not locate the paper folder until August 2015. In February 2016, the examiner determined the recipient was not disabled. The case proceeded to the DHU step at the reconsideration level and ALJ level of appeal where it was also determined the recipient was not disabled. In accordance with Federal regulations,<sup>29</sup> SSA assessed this recipient an overpayment for the payments received during all levels of the appeals process. For the pre-hearing case review step, the overpayment assessed totaled \$8,717.<sup>30</sup> Had the Agency processed the pre-hearing case review at the reconsideration level within 6 months of the appeal request, it would have avoided \$6,250 of this overpayment.

## **Financial Impact of Delays**

For 28 of the 82 CDR appeals with delays that contributed to processing times longer than 6 months, SSA could have avoided over- and underpayments at the pre-hearing case review step at the reconsideration level. Specifically, we found the following.

- SSA paid 11 individuals \$77,570 in continued benefits while their appeals were at the pre-hearing case review step at the reconsideration level. At subsequent appeal levels, SSA determined these individuals were not disabled.<sup>31</sup> In accordance with Federal regulations,<sup>32</sup> SSA assessed these individuals overpayments for the continued benefits they received during all levels of the appeals process. Of the \$77,570 in overpayments incurred at the pre-hearing case review step, SSA could have avoided \$38,163 had it processed these 11 cases within 6 months of the appeal requests. Accordingly, we project SSA could have avoided approximately \$6.7 million in overpayments to 2,696 individuals had it processed their pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests (see Appendix B, Table B–5, and Table B–7).

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<sup>27</sup> SSA, *POMS, DI-Disability Insurance*, ch. DI 810, subch. DI 81020.010, sec. A (March 23, 2009).

<sup>28</sup> SSA, *POMS, DI-Disability Insurance*, ch. DI 810, subch. DI 81020.010, sec. C (March 23, 2009).

<sup>29</sup> 20 C.F.R. §§ 404.1597a(j) and 416.996(g) (2017).

<sup>30</sup> The individual received an additional \$830 in benefits at the pre-hearing case review step at the reconsideration level, but SSA did not classify these as overpayments—see Footnote 21.

<sup>31</sup> Ten CDRs took between 7 and 18 months, and one CDR took longer than 18 months, to receive a determination that disability did not continue after the pre-hearing case review step at the reconsideration level.

<sup>32</sup> 20 C.F.R. §§ 404.1597a(j) and 416.996(g) (2017).

- Twelve individuals did not receive continued benefits during their CDR appeals<sup>33</sup> and, after the DDSs determined disability continued, were due \$105,487 for months at the pre-hearing case review step.<sup>34</sup> Had SSA processed the pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests, these 12 individuals would not have waited for \$44,734 of payments. We project 376 individuals would not have waited for more than \$1 million in continued payments had SSA processed their pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests (see Appendix B, Table B–2, Table B–3, and Table B–6).
- SSA paid five individuals \$57,727 in continued benefits while their CDR appeals were at the pre-hearing case review step at the reconsideration level, and, as of June 2018, had hearings pending with ALJs while their benefits continued.<sup>35</sup> If the ALJs determine the individuals are not disabled, SSA will assess overpayments for the benefits received at all levels of appeal, in accordance with Federal regulations.<sup>36</sup> These potential overpayments include \$57,727 the individuals received during the pre-hearing case review step. SSA could have avoided \$38,092 of the \$57,727 in potential overpayments had it processed the pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests (see Appendix B, Table B–6, and Table B–7).

## Controls over Processing Times

According to SSA, it did not capture official processing times for CDR appeals. Accordingly, it did not have a processing time goal for CDR pre-hearing case reviews at the reconsideration level. SSA was developing a process to capture processing times for CDR appeals but did not expect to have it fully developed for 2 to 3 years. In lieu of a processing time goal, SSA informally asked the DDSs to reduce the number of CDR reconsiderations at both the pre-hearing case review and DHU steps with lengthy processing times.

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<sup>33</sup> Ten individuals elected not to receive benefit continuation. The remaining two individuals did not file timely requests to receive benefit continuation, and SSA did not grant good cause for late filing. To receive continued benefits during appeal, individuals must make the request within 10 days of the initial determination notice. If the individual does not request continued benefits within 10 days, SSA may pay continued benefits if good cause for the delay is established. 20 C.F.R. §§ 404.1597a(f) and 416.996(c) (2017).

<sup>34</sup> Nine CDRs took between 7 and 18 months, and two took longer than 18 months, to receive a determination that disability continued after the pre-hearing case review step at the reconsideration level. The remaining CDR took between 7 and 18 months to receive a determination that disability did not continue after the pre-hearing case review step at the reconsideration level, but the DDS subsequently determined disability continued at the DHU step.

<sup>35</sup> Two CDRs took between 7 and 18 months, and three took longer than 18 months, to receive a determination that disability did not continue after the pre-hearing case review step at the reconsideration level.

<sup>36</sup> 20 C.F.R. §§ 404.1597a(j) and 416.996(g) (2017).

According to SSA, without adequate and sustained resources, addressing these workloads is a challenge. Specifically, DDS staffing went from almost 17,000 at the end of FY 2014 to approximately 15,000 at the end of FY 2017. At the same time, SSA's full medical CDR workload increased 66 percent—from approximately 526,000 in FY 2014 to 874,000 in FY 2017. In addition, SSA expects to complete another 890,000 full medical CDRs in FY 2018.<sup>37</sup> However, SSA anticipates its future medical CDR workload will fall to between 650,000 and 750,000 cases annually, though it will remain higher than historic levels. As SSA's CDR workload decreases, its appeals workload should decline accordingly. However, it too will remain higher than historic levels.

Congress previously provided SSA dedicated funding to process medical CDRs, but this funding did not include processing CDR appeals. SSA petitioned for, and received, approval to use this funding for CDR appeals beginning in FY 2019. If SSA receives its expected funding for FY 2019, it plans to use the dedicated funds to increase DDS resources, which will potentially allow for additional staff, overtime, and video equipment to address the CDR appeals workloads. However, only highly trained DDS examiners process CDR appeals. Therefore, diverting these examiners to address CDR appeals could affect the DDSs' ability to address other workloads.

In addition, SSA is developing a Disability Case Processing System (DCPS) for all DDSs. DCPS is a common case processing system to replace the various customized systems DDSs use to process disability cases. SSA expects DCPS to, in part, improve the speed and quality of the disability processes. In December 2016, DCPS began processing certain adult disability claims in three DDSs. Since 2016, SSA continued developing and implementing new releases that have provided additional functionality to more DDSs.<sup>38</sup> By July 2018, SSA plans to introduce functionality for DCPS to process initial adult CDRs. By October 2018, SSA expects initial functionality for DCPS to process adult CDR reconsideration appeals.

To address the most predominant reason for delays we identified in our review, SSA should consider a phased-in approach for DCPS implementation to automate CDR appeal assignment. In the meantime, SSA should continue monitoring processing times at the pre-hearing case review step at the reconsideration level, and determine whether a formal goal for CDR appeals is warranted if timeliness does not improve.

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<sup>37</sup> See SSA, *FY 2019 Budget Overview*, p. 6 (2018).

<sup>38</sup> As of May 2018, 10 DDSs had used DCPS to process disability cases alongside their existing case processing system.

## CONCLUSIONS

Delays at the pre-hearing case review step at the reconsideration level contributed to processing times longer than 6 months for 82 of the 120 CDR appeals we reviewed. These delays occurred because (1) CDR appeals were awaiting assignment to disability examiners, (2) examiners had periods of no work activity on the appeals, (3) employees made errors in processing the appeals, (4) field offices did not transfer appeals to the DDSs timely, (5) employees prolonged processing determinations, and (6) DDSs were waiting to receive paper folders. These delays contributed to over- and underpayments SSA could have avoided for 28 of the 82 CDR appeals. Although SSA expects reduced medical CDR workloads and dedicated funding for CDR appeals to result in improved CDR appeals processing, it remains important for SSA to properly monitor the pre-hearing case reviews at the reconsideration level of appeal to ensure more timely processing.

## RECOMMENDATIONS

We recommend that SSA:

1. Consider a phased-in approach for DCPS implementation to automate CDR appeal assignment.
2. Continue monitoring processing times at the pre-hearing case review step at the reconsideration level, and determine whether a formal goal for CDR appeals is warranted if timeliness does not improve.

## AGENCY COMMENTS

SSA agreed with our recommendations. The full text of SSA's comments is included in Appendix C.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations as well as sections of the Social Security Administration’s (SSA) policies and procedures.
- Reviewed prior Office of the Inspector General reports.
- Obtained information from SSA staff in the Office of Operations regarding internal controls related to the pre-hearing case review step at the reconsideration level of appeal.
- Obtained a data file of 111,931 initial continuing disability review (CDR) cessation determinations made by disability determination services (DDS) in Calendar Year (CY) 2014. Of these, 68,647 went through the pre-hearing case review step at the reconsideration appeal level in CYs 2014 through 2016, of which 15,952 had processing times exceeding 6 months at the pre-hearing case review step at the reconsideration level.<sup>1</sup>
- Selected 120 CDR appeals with processing times longer than 6 months at the pre-hearing case review step at the reconsideration level for detailed review.<sup>2</sup> For each sampled CDR, we:
  - Reviewed case information, notices, and documentation from SSA’s Master Beneficiary Record, Supplemental Security Record, DDS Query, Electronic Folder, Claims File User Interface, Case Processing and Management System, and Disability Control File.
  - Determined whether the individuals received benefits during the pre-hearing case review step at the reconsideration level. We calculated any amounts due or paid during the pre-hearing case review step at the reconsideration level and any amounts due or paid longer than 6 months after the appeal request.

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<sup>1</sup> SSA did not have a published processing time goal for the CDR pre-hearing case review step at the reconsideration level of appeal, which was the subject of this review. However, SSA had a Fiscal Year (FY) 2018 goal to complete reconsiderations of *initial* disability claims within 102 days (approximately 3 months). See SSA, *FY 2019 Budget Overview*, p. 6 (2018). Since DDSs process CDR pre-hearing case reviews at the reconsideration level similarly to reconsiderations of initial disability claims, we expect the processing times should be similar. Therefore, we determined CDR pre-hearing case reviews at the reconsideration level with processing times longer than 6 months (almost twice the expected processing time for initial disability claims) warranted further review.

<sup>2</sup> See Appendix B for a more detailed discussion of our sampling methodology.

We conducted our review between January and June 2018 in Kansas City, Missouri. We determined the data used for this audit were sufficiently reliable to meet our objective. The principal entity audited was the Office of Operations. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## Appendix B – SAMPLING RESULTS AND PROJECTIONS

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We reviewed 120 continuing disability review (CDR) appeals from the population of 15,952 pre-hearing case reviews at the reconsideration appeal level with processing times longer than 6 months.<sup>1</sup> We selected the 120 CDR appeals from 4 sampling frames and found delays at the pre-hearing case review step at the reconsideration level contributed to processing times longer than 6 months. The delays contributed to over- and underpayments SSA could have avoided at the pre-hearing case review step at the reconsideration level.

### Determinations that Disability Continued After the Pre-hearing Case Review Step at the Reconsideration Level

There were 19,108 CDR appeals with a determination that disability continued after the pre-hearing case review at the reconsideration level. Of these, 2,080 CDR appeals had processing times longer than 6 months at the pre-hearing case review step at the reconsideration level. We reviewed 60 CDR appeals with processing times longer than 6 months (see Table B–1).

**Table B–1: Processing Times for Determinations that Disability Continued After Pre-hearing Case Reviews at the Reconsideration Level**

Processing Time	Number of CDR Appeals	Sample Size
6 Months or Less	17,028	
7 – 18 Months	2,070	50
19 – 29 Months	10	10
<b>Total</b>	<b>19,108</b>	<b>60</b>

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<sup>1</sup> See Appendix A for details on our population. The Social Security Administration (SSA) did not have a published processing time goal for the CDR pre-hearing case review step at the reconsideration level of appeal, which was the subject of this review. However, SSA had a Fiscal Year (FY) 2018 goal to complete reconsiderations of *initial* disability claims within 102 days (approximately 3 months). See SSA, *FY 2019 Budget Overview*, p. 6 (2018). Since disability determination services process CDR pre-hearing case reviews at the reconsideration level similarly to reconsiderations of initial disability claims, we expect the processing times should be similar. Therefore, we determined CDR pre-hearing case reviews at the reconsideration level with processing times longer than 6 months (almost twice the expected processing time for initial disability claims) warranted further review.

## Sampling Frame 1 Errors and Projections

We reviewed a random sample of 50 CDR appeals from the 2,070 that took between 7 and 18 months to receive a determination that disability continued after the pre-hearing case review step at the reconsideration level (see Table B-1). We identified nine individuals who would not have waited for \$23,958 in payments had SSA processed their pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests. We project approximately 373 individuals would not have waited for almost \$992,000 had SSA processed their pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests (see Table B-2).

**Table B-2: Underpaid Individual Errors and Projections from Sampling Frame 1**

Description	Number of Individuals	Amount Underpaid
Sample Results	9	\$23,958
Population Projection	373	\$991,842
Projection Lower Limit	203	\$331,561
Projection Upper Limit	604	\$1,652,123

**Note:** All projections are at the 90-percent confidence level.

## Sampling Frame 2 Errors

We reviewed all 10 CDR appeals that took longer than 18 months to receive a determination that disability continued after the pre-hearing case review step at the reconsideration level (see Table B-1). We identified two individuals who would not have waited for \$20,281 in payments had SSA processed their pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests (see Table B-3).

**Table B-3: Underpaid Individual Errors from Sampling Frame 2**

Number of Individuals	Amount Underpaid
2	\$20,281

## Determinations that Disability Did Not Continue After the Pre-hearing Case Review Step at the Reconsideration Level

There were 49,539 CDR appeals with a determination that disability did not continue after the pre-hearing case review step at the reconsideration level. Of these, 13,872 CDR appeals had processing times longer than 6 months at the pre-hearing case review step at the reconsideration level. We reviewed 60 CDR appeals with processing times longer than 6 months (see Table B-4).

**Table B-4: Processing Times for Determinations that Disability Did Not Continue After Pre-hearing Case Reviews at the Reconsideration Level**

Processing Time	Number of CDR Appeals	Sample Size
6 Months or Less	35,667	
7 – 18 Months	13,475	50
19 – 32 Months	397	10
<b>Total</b>	<b>49,539</b>	<b>60</b>

### *Sampling Frame 3 Errors and Projections*

We reviewed a random sample of 50 CDR appeals from the 13,475 that took between 7 and 18 months to receive a determination that disability did not continue after the pre-hearing case review step at the reconsideration level (see Table B-4). We identified 10 individuals with overpayments of \$24,969 SSA could have avoided had it processed the pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests. We project SSA could have avoided overpaying 2,695 individuals more than \$6.7 million had it processed the pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests (see Table B-5).

**Table B-5: Overpaid Individual Errors and Projections from Sampling Frame 3**

Description	Number of Individuals	Amount Overpaid
Sample Results	10	\$24,969
Population Projection	2,695	\$6,729,132
Projection Lower Limit	1,521	\$2,739,017
Projection Upper Limit	4,249	\$10,719,247

**Note:** All projections are at the 90-percent confidence level.

Further, SSA could have avoided potential overpayments of \$10,262 to two individuals had it processed the pre-hearing case review step at the reconsideration within 6 months of the appeal requests. Finally, we identified one individual who would not have waited for \$495 in payments had SSA processed the pre-hearing case review at the reconsideration level within 6 months of the appeal request (see Table B-6).

**Table B-6: Other Errors from Sampling Frame 3**

Description	Number of Individuals	Amount
Avoidable Potential Overpayments	2	\$10,262
Avoidable Underpayments	1	\$495

### *Sampling Frame 4 Errors*

We reviewed a random sample of 10 CDR appeals from the 397 that took longer than 18 months to receive a determination that disability did not continue after the pre-hearing case review step at the reconsideration level (see Table B-4). We identified one individual SSA could have avoided overpaying \$13,194 had it processed the pre-hearing case review at the reconsideration level within 6 months of the appeal request. Further, SSA could have avoided potential overpayments of \$27,830 to three individuals had it processed the pre-hearing case reviews at the reconsideration level within 6 months of the appeal requests (see Table B-7).

**Table B-7: Errors from Sampling Frame 4**

<b>Description</b>	<b>Number of Individuals</b>	<b>Amount</b>
Avoidable Overpayments	1	\$13,194
Avoidable Potential Overpayments	3	\$27,830

## Appendix C – AGENCY COMMENTS

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## SOCIAL SECURITY

### MEMORANDUM

Date: August 16, 2018

Refer To: S1J-3

To: Gale S. Stone  
Acting Inspector General

*Stephanie Hall*

From: Stephanie Hall  
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Processing Times for Continuing Disability Review Pre-hearing Case Reviews at the Reconsideration Level of Appeal" (A-07-18-50391) -- INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.

**SSA COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, “PROCESSING TIMES FOR CONTINUING DISABILITY REVIEW PRE-HEARING CASE REVIEWS AT THE RECONSIDERATION LEVEL OF APPEAL” (A-07-18-50391)**

In fiscal year (FY) 2018, we established an internal target to clear the most aged continuing disability review (CDR) appeals pending over 240 days. As of August 3, 2018, we decreased the pending by 3,940 cases or 72 percent. We will continue to focus on reducing the age of pending CDR appeals. Below are our responses to the recommendations.

**Recommendation 1**

Consider a phased-in approach for DCPS implementation to automate CDR appeal assignment.

Response

We agree.

**Recommendation 2**

Continue monitoring processing times at the pre-hearing case review step at the reconsideration level, and determine whether a formal goal for CDR appeals is warranted if timeliness does not improve.

Response

We agree.

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