OFFICE OF THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

ALABAMA DISABILITY DETERMINATION SERVICE'S BUSINESS PROCESS FOR ADJUDICATING DISABILITY CLAIMS

February 2010 **A-08-09-29163**

AUDIT REPORT

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.

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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: February 17, 2010 Refer To:

To: The Commissioner

From: Inspector General

Subject: Alabama Disability Determination Service's Business Process for Adjudicating Disability Claims (A-08-09-29163)

OBJECTIVE

Our objective was to assess the Alabama Disability Determination Service's (AL-DDS) business process for adjudicating disability claims. Our focus involved certain anonymous allegations made about AL-DDS related to, among other things, (1) its purported pressure on medical consultants (MC) to increase their disability allowance rates and (2) a process it allegedly used to circumvent the medical review of disability cases.

BACKGROUND

Disability determination services (DDS) in each State or other responsible jurisdiction perform disability determinations under the Social Security Administration's (SSA) Disability Insurance and Supplemental Security Income programs. Each DDS makes disability and blindness determinations for SSA and is responsible for ensuring that adequate evidence (medical and non-medical) is available to support its determinations. DDS employees do not see claimants face-to-face. Therefore, visual observations are not part of the decision-making process. Rather, DDSs depend on physicians and psychologists, known as MCs, and disability examiners to review medical evidence and the circumstances of each case to determine whether a claimant meets SSA's definition of disability. DDSs may also purchase consultative examinations (CE) to supplement evidence obtained from the claimants' physicians or other treating sources.

SSA policy states that the primary mission of each DDS is to ". . . provide applicants with *accurate* and timely disability determinations."[1] (Emphasis added.) SSA developed several performance goals related to its administration of the Disability Insurance program. In Fiscal Year (FY) 2008, these goals involved reaching established productivity and accuracy levels. These performance standards focus on

[1] SSA, Program Operations Manual System (POMS), DI 0015.001(C).

making accurate disability determinations in a timely manner—regardless of whether the final determinations are to allow or deny the disability application.

Quality Assurance

To ensure effective and uniform administration of the disability program and to conform to the statutory requirements set forth in Section 221(a) of the *Social Security Act*,[2] SSA conducts ongoing quality assurance reviews of the State DDSs. Such reviews measure the accuracy of DDS disability determinations[3] to determine performance accuracy, as required by SSA regulations.[4] In addition, Social Security policy[5] requires that SSA review 50 percent of favorable Title II and concurrent Title II/XVI initial and reconsideration determinations made by State agencies on a pre-effectuation review basis. The purpose of this review is to detect and correct erroneous favorable Title II determinations before the determination is effectuated. In addition to the Federal quality review, AL-DDS has a Quality Assurance Unit that provides a substantive review of all aspects of DDS claims processing, including decisional quality.

Disability Redesign Prototype

AL-DDS is among 10 DDSs involved in an initiative known as Disability Redesign Prototype.[6] This Prototype applies to claims filed on or after October 1, 1999[7] and involves two major changes to the disability process:

- the use of a Single Decisionmaker (SDM) in making disability determinations and
- the elimination of reconsideration on initial disability issues, such as whether the claimant is disabled, the onset date, and whether it is a closed period of disability.

SSA provided SDMs the authority to complete all disability determination forms and make initial disability determinations *without MC approval or review* on all fully favorable adult cases, with noted exceptions. Specifically, even in Prototype DDSs, MCs must review and sign all disability claims involving (1) Quick Disability Determinations, (2) initial denials or less than fully favorable determinations in which there is evidence the claimant has a mental impairment, (3) SSI disabled child cases, (4) continuing

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[2] 42 U.S.C. § 421(a).

[3] According to SSA's Office of Quality Performance, AL-DDS' net accuracy rate for initial disability determinations has averaged about 98 percent for FYs 2007 through 2009.

[4] 20 C.F.R. § 404.1643; *see also*, DI 30005.001C.6.

[5] SSA, POMS, GN 04440.005 (B) (2).

[6] SSA, POMS, TC 17001.010 (A) (1).

[7] This process also applies to claims with protective filings and reopenings that have actual applications filed on or after October 1, 1999.

disability reviews, and (5) reconsiderations.[8] Additionally, SDMs may seek MC input on any disability determination if they believe such counsel would be beneficial.

Anonymous Allegation

The Office of the Commissioner of Social Security provided the Inspector General a September 25, 2008 letter from an anonymous individual claiming to be a State of Alabama Medical Consultant (SAMC) at the DDS in Birmingham, Alabama. The letter raised various issues regarding AL-DDS' business process for adjudicating disability claims. In October 2008, the AL-DDS Director sent a letter to SSA's Atlanta Regional Commissioner in which he addressed—and denied—each allegation. The Atlanta Regional Commissioner deemed this response acceptable and performed no further analysis of the allegations. However, when the anonymous letter was circulated again in March 2009, we undertook this audit to examine some of the issues raised in the letter. The letter contained eight allegations—six of which were addressed in this review. The remaining two were not included because one involved State hiring practices, and the other was a subjective issue we believed may be more appropriately addressed in another audit (see Appendix C for additional information on these allegations). The remaining six allegations are discussed in the Results of Review.

As part of our review, we (1) interviewed current and former MCs and AL-DDS management; (2) reviewed applicable Federal laws and regulations and SSA policies and procedures; and (3) gathered and analyzed relevant data as needed to objectively evaluate the issues raised in the September 2008 letter. See Appendix B for additional information on our scope and methodology.

RESULTS OF REVIEW

Based on interviews with 53 current and former AL-DDS MCs and review of instructions the DDS provided to some of them, we concluded that, at a minimum, a perception existed that AL-DDS pressured some MCs to increase their disability allowance rates. Several MCs told us the pressure to approve claims influenced their medical decisions. We acknowledge that analyzing information on disability allowance and denial rates is beneficial in identifying anomalies, which may indicate a need for further MC training. However, we believe each case should be weighed on its own merit in accordance with SSA disability determination policies.

[8] SSA, POMS, DI 12015.003, DI 23022.050 (A), DI 27001.001 (D), DI 81020.110 (B) (1), and DI 26510.089.

We also identified a control weakness with AL-DDS' use of a signature queue[9] in which MCs signed required disability claim forms. One MC we interviewed acknowledged he signed his name on approximately 80 to 100 disability cases per day. Another MC stated he only performed a cursory review of each case in the signature queue and generally signed 30 disability cases per hour. We acknowledge that AL-DDS had practices in place in which MCs provided input and opinions on disability determinations before cases were sent to the signature queue. However, without proper review and screening by MCs who work the signature queue, AL-DDS cannot be assured that all the required medical reviews were performed.

With regard to most of the remaining allegations, we received inconclusive or conflicting evidence. As a result, we were unable to determine whether these allegations were valid.

Allegation 1: AL-DDS Has Waged an Intimidating Campaign to Dictate Medical Consultant Allowance Rates

The anonymous complainant alleged that ". . . for at least four years, DDS administration has waged an intimidating campaign to dictate SAMC allowance rates." According to the complainant, this has involved warnings to MCs as a group and threats of employment termination to individuals who do not comply. According to the complainant, ". . . though there's widespread discontent with administration's tactics, most of it is whispered for fear of retribution and job loss."

Because of contradictory testimonial evidence, we could not conclude whether the AL-DDS had waged ". . . an intimidating campaign to dictate allowance rates." Nevertheless, some MCs interpreted actions taken by AL-DDS as pressure to increase the number of disability allowances. Specifically, 8 (15 percent) of the 53 MCs we interviewed told us they did feel pressure to approve disability claims. Additionally, although 40 (75.5 percent) MCs told us they did not feel "pressure" to approve disability claims, 13 of these same MCs provided additional comments, including ". . . the DDS told MCs to increase their allowance rates and ". . . there was an expectation of 30 percent allowance rates." Finally, 5 (9.5 percent) MCs did not respond with a "yes" or "no" answer, but provided a mixed, non-direct response, such as ". . . the DDS tells MCs to be careful their approval rates are not too low" and ". . . the discussions about approval rates influenced my medical determinations a little."

One MC told us ". . . it is a common practice for the Alabama DDS to pressure medical consultants and examiners to increase their allowance rates" and ". . . if you don't meet their goals, you run the risk of being fired or having your hours cut." Another MC stated ". . . the DDS made it clear that allowance rates were low and needed to improve" and ". . . if MCs approval rates dropped, DDS management would have a discussion with

[9] The signature queue is an electronic business process that allows MCs to review and sign claims that have been previously reviewed by a disability examiner or a MC. When these claim decisions are finalized, the claims are sent to the signature queue on the computer system for final signatures. Only those cases that are statutorily defined as SDM cases are not referred to the signature queue.

the doctor." Another MC told us they were threatened with job loss because of their low allowance rate. Several MCs told us AL-DDS generally pushed for approval rates in the 30 percent range.

Several MCs told us the pressure to approve claims influenced their medical decisions. One stated ". . . you were out the door if your allowance rates were not where the DDS expected them to be." Another MC stated they tried to identify ways to justify more approvals and began requesting more tests. Another MC told us that some individuals were approved for disability that should not have been because of AL-DDS' pressure to approve claims.

We found additional evidence (in the form of emails) that appeared to corroborate the pressure to increase allowance rates allegations. In a January 2006 email, an AL-DDS supervisor told MCs to look at their decisions very closely if they consistently had allowance rates below 30 percent. The supervisor also stated that the AL-DDS Director ". . . wanted all of the SAMCs to be cautioned about the low allowance rates." In an October 2007 email, another supervisor told MCs ". . . we need to improve our allowance rates." On October 25, 2007, the same supervisor sent an email to MCs requesting a "Plan of Action" from each ". . . as to how you can increase your allowance rates." According to the email, the "Plan of Action" should contain the following information: "(1) What actions you will be taking to have more allowances, (2) Your benchmarks for the month on how you will accomplish this, and (3) Your end of the month target." In a May 2008 email, the supervisor told MCs ". . . if your allowance rate is below 30%, refer back to your plans of action and continue to work on bringing your allowance rates up."

AL-DDS denied the allegation that it pressured MCs to increase disability allowance rates. DDS representatives acknowledged holding discussions and requesting a "Plan of Action" as to how MCs could reach the DDS' target allowance rate, which it stated was about 30 percent. AL-DDS representatives suggested this target rate was in line with regional and national averages[10]—but was not a quota or a goal. In an October 2008 letter to SSA's Atlanta Regional Commissioner, the AL-DDS Director stated ". . . the DDS has asked the medical staff to establish individual initial claims allowance rate targets in the 30% range and to work toward these targets." However, according to the AL-DDS Director, ". . . any reference to initial claims allowance rate targets are based on national and regional averages." The Director also stated that no allowance rate requirements are in the MCs' Memorandums of Agreement.

In response to the allegation of the threat of job loss, AL-DDS representatives stated that it decided not to renew the contracts of some MCs because of poor work quality (that is, failure to follow AL-DDS administrative policies and procedures and/or Federal regulations)—not because the MCs had low allowance rates. In support of this

[10] The national allowance rate for initial disability claims was 35 percent in FY 2007, 36 percent in FY 2008, and 37 percent in FY 2009. The Atlanta Region allowance rate for the same period was 28 percent, 30 percent, and 31 percent, respectively. AL-DDS' allowance rate was 28 percent in FY 2007, 32 percent in FY 2008, and 32 percent in FY 2009.

statement, AL-DDS representatives provided us specific regulations and policies with which they stated certain MCs had not complied. AL-DDS representatives also told us they performed a "special study" of one MC's cases and found instances where the MC had skirted issues and left out evidence. However, the MC stated "quality assurance" reviewed 128 of the MC's cases during FY 2008 and another 32 cases in early FY 2009, which resulted in a 100-percent accuracy rating.

Although AL-DDS told us its intent was not to dictate approval rates, we understand how AL-DDS' actions could be interpreted as pressure to approve. We also believe the distinction between what the AL-DDS called "allowance rate targets" from "goals" is vague at best. In fact, AL-DDS emails instruct MCs to work toward achieving a 30-percent allowance rate. In our opinion, this appears to be a "goal."

As to the threat of job loss, we received conflicting evidence. Accordingly, we could not draw a definitive conclusion on this allegation. However, to enhance the integrity of AL-DDS' business process for adjudicating disability claims, we believe SSA should take the necessary steps to ensure AL-DDS adjudicates all disability determinations on the merit of evidence, without consideration of allowance targets or goals. To help protect against future allegations of impropriety, we believe AL-DDS should avoid all communications and other actions that personnel could interpret as pressure to approve disability claims.

Allegation 2: AL-DDS Set up a "Signature Queue" Process, Which Circumvents the Normal Physician/Psychologist Review of Cases

According to the anonymous complainant, the signature queue is a line of cases waiting to be signed by an MC. The complainant alleged that MCs who agree to work the signature queue may sign off on 40, 50, even 60 cases per day. According to the complainant, ". . . there is simply no way this can result in an acceptable evaluation of evidence and a sound decision." Furthermore, ". . . the few minutes spent on a case is not even close to time needed for a review of evidence and correct rating decision."

Our review confirmed that a control weakness existed with AL-DDS' signature queue process. The intent of the signature queue was for certain MCs to perform an expedited review of cases that had been previously rated by another MC. If all of the evidence and paperwork appear in order, the MC working the signature queue will then "sign" the case in SSA's automated system. However, we learned that MCs working on the signature queue did not always adequately review the cases before signing them. Without proper review and screening by MCs who work the signature queue, the DDS cannot be assured that all the required medical reviews were performed.

One MC told us that while working on the signature queue, "I generally sign between 80 and 100 cases each day" and "I do not read anything about the cases, I just sign my name." According to the MC, ". . . from a medical standpoint, I carry no responsibility on decisions I sign off on through this process." Another MC told us they sign 30 cases an hour, which is 2 minutes per signature queue case. The MC stated that this short

timeframe only gives them time to ensure the form is filled out correctly and look for something peculiar or out of place. Another MC told us they refused to participate in the signature queue process because they did not want to sign their name to a claim that they did not have adequate time to properly review properly.

During discussions about the signature queue process, AL-DDS managers told us they were unaware that some MCs routinely signed large numbers of disability cases daily with little or no review of evidence. Management acknowledged that MCs should adequately review such cases before signing them, and stated that ". . . medical consultants are liable when they sign their name, and they are required to have liability insurance." AL-DDS management also told us they did not know the average number of cases MCs sign each day, the percentage of cases that go through the signature queue process, or the accuracy rate of signature queue cases compared with other cases. In response to claims about the signature queue process impacting the integrity of medical determinations, AL-DDS told us it uses a team approach when adjudicating disability claims. That is, MCs make daily rounds to consult with disability examiners about specific cases. Furthermore, AL-DDS told us it progressively trains newly hired disability examiners for 18 months before they can function as an SDM. According to the AL-DDS Director, the DDS rounds process and a fully trained staff helps enhance the integrity of the signature queue process.

As to the claim that AL-DDS has set up a process to circumvent the normal physician or psychologist review of disability cases, the AL-DDS Director provided the following information to SSA's Atlanta Regional Commissioner in an October 2008 letter.

> The signature queue is part of the overall Social Security Administration electronic process that is being followed by the DDS.
>
> The Federal Register Volume 64, Number 167, dated August 30,1999, named the Alabama DDS as one of ten states to incorporate multiple modifications to the disability determination procedures identified in 20 CFR 404.906. One of the changes is having a single decisionmaker (a/k/a the disability specialist) make the initial claims determination with assistance from medical consultants, where appropriate. This process allows more effective use of the medical consultants' expertise.

We acknowledge that AL-DDS has the legal authority to allow SDMs to make initial claims determinations. We also recognize that AL-DDS uses a team approach (MCs consulting with disability specialists) when adjudicating disability claims.[11] However, because AL-DDS was unaware that some MCs routinely sign off on large numbers of cases daily with little or no review of evidence, we believe AL-DDS should monitor the signature queue process to ensure compliance with policies and procedures, including the requirement to adequately review disability claims before final signature.

[11] The MC who signs off on signature queue cases may not be the MC who consulted on the case.

Allegation 3: AL-DDS Ordered Doctors to Rate[12] Cases When Medical Evidence Was Insufficient

According to the anonymous complainant, ". . . an insufficient evidence case means we did not have enough data to arrive at a fair and accurate rating determination." The complainant stated there are many reasons why this may occur. For example, the CE may be contradicted by, or inconsistent with, other evidence, and the inconsistencies cannot be resolved. However, according to the complainant, ". . . administration has ruled that we must either allow or deny the claimant."

Because of limited testimonial evidence, we could not substantiate this allegation. Only two MCs told us that AL-DDS ordered doctors to rate cases when medical evidence was insufficient. According to one MC, there were times when the MC and others were told not to rate a case as insufficient evidence but instead to take a second look at evidence and make a determination. Another MC stated ". . . the DDS told doctors they could not order needed tests," and ". . . as such, they had to rate cases with insufficient medical evidence."

AL-DDS denied it ordered MCs to adjudicate claims with insufficient medical evidence. In an October 2008 letter to SSA's Atlanta Regional Commissioner, the AL-DDS Director stated,

> The DDS has always placed an emphasis on obtaining complete medical treatment records before any consultative examination (CE) is requested. Disability specialists have been given tools and the authority to work with treating sources to secure this evidence. Medical consultants make telephone calls to treating sources for evidence. When a medical consultant reviews a claim and concludes that the evidence is "insufficient," he or she is asked to specify what evidence is needed to process the claim so that the "right decision" can be made. The DDS has never issued written or verbal instructions to adjudicate claims with insufficient medical or other evidence.

Allegation 4: AL-DDS Allowed Elderly Doctors with Dementia to Continue Working

The anonymous complainant alleged that the AL-DDS allowed one elderly doctor with cognitive impairments to work every day and sign cases for several months. According to the complainant, the doctor ". . . was confused by the sign-in sheet and would return to, and stare at it, for extended periods." Furthermore, ". . . he was baffled by the computer system we were installing and never understood or was able to use it in even the most basic way." Another doctor, according to the complainant, ". . . could not learn even the most basic uses of the computer system." Furthermore, ". . . for the last several months here, he would sit in his office, with hands folded, and stare at the computer for hours."

[12] MCs may "rate" the degree of functional limitation resulting from an impairment.

Because of conflicting testimonial evidence and a lack of medical documentation to establish certain doctors suffered from dementia, we were unable to conclude whether AL-DDS allowed elderly doctors with dementia to continue working.

Two MCs told us they had concerns about elderly doctors' ability to adjudicate disability claims.[13] One MC told us the allegation about AL-DDS allowing elderly doctors with dementia to continue working was true. The MC stated that doctors should not be allowed to sign disability cases when their condition is so poor their daughter has to escort them to work each day and sign them in. The MC told us they expressed their concerns to a former SAMC supervisor but was told ". . . it was hard to tell someone to stop working . . . " and the supervisor ". . . hoped the doctor or their family would recognize their poor mental condition." Another MC told us one elderly doctor, who routinely signed off on signature queue cases, was demented and barely comprehended their actions.

However, according to AL-DDS management, both doctors consistently performed their regular duties in accordance with SSA guidelines and policies. AL-DDS told us they followed the *Americans with Disabilities Act* and provided necessary accommodations, such as handicap accessibility, assistance, and computer update training. Also, AL-DDS management stated it did not have any medical reports indicating or establishing that either doctor had dementia, and no other DDS doctors discussed their concerns about the mental or physical health of these doctors. In addition, the AL-DDS pointed out that all case consultations and reviews by these doctors were subject to the random quality sample reviews by the AL-DDS internal and Federal review components. Furthermore, unit supervisors had the opportunity to review their case recommendations as well. Although 2 MCs told us they had concerns about elderly doctors' ability to adjudicate disability claims, AL-DDS stated that both doctors reviewed, rated and signed a reasonable number of cases (2,795) during their last 3 months with the DDS.[14]

Allegation 5: Most Medical Consultants Failed to Meet Performance Contract Standards

The anonymous complainant alleged that MC contracts have a productivity standard of rating two cases per hour. According to the complainant, most MCs at AL-DDS fail to meet that standard but are routinely rehired.

We found no evidence to support this allegation. In fact, we determined that no production requirement standards are in the MC's Memorandum of Agreement. According to AL-DDS, an annually distributed MC handbook states that MCs should generally rate about two cases per hour. This is an administrative standard that varies greatly depending on an MC's medical specialty, the number of cases referred to a

[13] We did not address this allegation during our interviews with MCs. The two MCs who expressed concerns about elderly doctors provided their views while answering other questions.

[14] One MC left in 2005, and the other left in 2007.

particular MC or group of MCs with the same specialty, the MC's schedule, and the number of hours an MC is available to work. Although AL-DDS told us it monitors daily voucher sheets for each MC and adjusts cases assigned based on the MC's availability and/or production, they could not readily provide us with an accurate number of cases MCs rated because of potential double counting.

Allegation 6: AL-DDS Has CE Panelists Who Are Not Licensed Psychologists

The anonymous complainant alleged that ". . . though Social Security rules clearly state psychological medical consultants must be licensed or certified as a psychologist at the independent practice level of psychology by the state in which he or she practices, our DDS has panelists who are not licensed."

Although AL-DDS uses some CE panelists who are not licensed psychologists, we determined that AL-DDS followed SSA policy and Federal regulations when purchasing CEs. Specifically, while five Licensed Professional Counselors performed CEs for AL-DDS, we determined that AL-DDS was in compliance with SSA rules and regulations relating to such individuals as "other" medical sources.[15] In addition, we concluded that AL-DDS had procedural requirements in place to help ensure Licensed Professional Counselors only perform CEs when a diagnosis from an acceptable medical source is in the claims file.[16] In response to this allegation, the AL-DDS director provided the following to SSA's Atlanta Regional Commissioner in an October 2008 letter.

> In 1998 a new state law was enacted that affected the practice of psychology in Alabama. With the change in the law, our attention was called to nine CE panelists who were not licensed to but educated in the practice of clinical psychology at the doctoral level, and had to be suspended from the CE panel. The nine Alabama Licensed Professional Counselors had conducted examinations in many rural areas and small towns in Alabama.

The DDS worked with the Center for Disability and the Office of Disability to determine a way to return these individuals to the CE panel. A definite need existed for these panelists to conduct CEs in these rural areas of the state. Procedures were written, with an additional computer system scheduling safeguard, that allowed these individuals to conduct examinations only, as the Federal regulations require, when there is evidence, in file, documenting "a medically determinable impairment" from an "acceptable medical source" identified in 20 CFR 404.1513 and 416.913. The DDS regularly checks to ensure the process is followed.

[15] "Other" medical sources are defined by the regulations at 20 C.F.R. §§ 404.1513(d) and 416.913(d).

[16] The qualifications for "acceptable" medical sources are specified at 20 C.F.R. §§ 404.1513(a) and 416.913(a).

CONCLUSION AND RECOMMENDATIONS

We recognize that AL-DDS provides a valuable public service to disabled citizens by performing disability determinations. However, because adjudicating disability claims is a critical component of SSA's overall disability programs, and given the serious nature of the issues we identified, we believe AL-DDS should take additional steps to enhance the integrity of its business process for such activity—and SSA should ensure that AL-DDS implements such steps.

Accordingly, we recommend that SSA instruct AL-DDS to:

1. Adjudicate all disability determinations on the merit of evidence, without consideration of allowance targets or goals. In addition, AL-DDS should avoid all communications and other actions that personnel could interpret as pressure to approve disability claims.

2. Monitor the signature queue process to ensure compliance with policies and procedures, including the requirement to adequately review disability claims before final signature.

AGENCY COMMENTS

SSA agreed with our recommendations (see Appendix D).

Patrick P. O'Carroll, Jr.

Appendices

Acronyms

AL-DDS	Alabama Disability Determination Service
C.F.R.	Code of Federal Regulations
CE	Consultative Examination
DDS	Disability Determination Services
FY	Fiscal Year
MC	Medical Consultant
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SAMC	State of Alabama Medical Consultant
SDM	Single Decisionmaker
SSA	Social Security Administration
U.S.C.	United States Code

Scope and Methodology

To accomplish our objective, we

- reviewed pertinent sections of the Social Security Administration's policies and procedures;
- reviewed applicable Federal laws and regulations;
- reviewed the 1996 Social Security Rulings, which interpreted certain policy for Titles II and XVI;
- interviewed current and former State of Alabama Medical Consultants and Alabama Disability Determination Service (AL-DDS) management;
- reviewed State of Alabama Medical Consultants contracts; and
- reviewed AL-DDS' response to SSA's Atlanta Regional Commissioner regarding the allegations contained in the September 25, 2008 anonymous letter.

We performed our audit at the AL-DDS and the Office of Audit in Birmingham, Alabama, from May through September 2009. We conducted our 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Allegations Not Addressed

Allegation 7: AL-DDS Continues to Buy Inferior Consultative Examinations

The anonymous complainant alleged that some physicians/psychologists (panelists)[1] who perform examinations for the Alabama Disability Determination Service (AL-DDS) ". . . do a very poor job and send us reports that look about the same for every claimant." According to the complainant, ". . . some panelists almost invariably give us medical source opinions that indicate marked limitations, which pushes our ratings toward an allowance." Furthermore, ". . . other panelists routinely have gross discrepancies between their findings and medical source opinions."

In response to this allegation, the AL-DDS stated it has a business process that requires regular reviews of all consultative examinations (CE). Additionally, AL-DDS procedures allow medical consultants (MC), unit supervisors, or disability specialists to comment and/or refer any CE they believe is inadequate in content or quality. The AL-DDS stated that these referrals are made to the disability determination services' (DDS) Medical Relations section where the DDS Quality Assurance section and/or another MC perform five additional reviews of CE panelists' work.

We did not address this allegation because it involved the content and quality of work performed outside AL-DDS. However, because CEs play a key role in DDS' business process of adjudicating disability claims, we will consider conducting a nation-wide review of this issue in the future.

Allegation 8: Medical Consultants May Be Hired and Retained Because They Have High-Ranking Family Members at the AL-DDS

The anonymous complainant alleged that three MCs may have been hired and retained because they had high-ranking family members at AL-DDS.

In response to this allegation, AL-DDS stated it engages in fair and legal recruitment and hiring practices. According to AL-DDS, the DDS' parent agency, State of Alabama Department of Education, the State Legislature, State Finance Department, and the Governor's office carefully scrutinize the hiring practices for contract MCs. Further, AL-DDS stated the hiring practices of the Alabama State Personnel Department, including receiving and processing job applications, rankings, and certifications are independent of any AL-DDS input or influence. We did not address this allegation because it involved the hiring practices of the Alabama Department of Personnel.

[1] The DDS pays a panelist to examine a claimant when DDS MCs determine a case has inadequate evidence.

Agency Comments

SOCIAL SECURITY

MEMORANDUM

Date: January 20, 2010 Refer To: S1J-3

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

From: Margaret J. Tittel /s/ Dean Landis for
Acting Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Alabama Disability Determination Service's Business Process" (A--08-09-29163)

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. We have attached our response to the report findings and recommendations.

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

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "ALABAMA DISABILITY DETERMINATION SERVICE'S BUSINESS PROCESS FOR ADJUDICATING DISABILITY CLAIMS" (A-08-09-29163)

Thank you for the opportunity to review and comment on the draft report.

We are committed to making timely and accurate disability determinations. We use performance standards on timeliness and accuracy rates to measure the success of our Disability Determination Services (DDS). Based on our standards, the AL-DDS excels in both of these areas.

Our responses to your two recommendations are below.

Recommendation 1

Adjudicate all disability determinations on the merit of evidence, without consideration of allowance targets or goals. In addition, the AL-DDS should avoid all communications and other actions that personnel could interpret as pressure to approve disability claims.

Comment

We agree that disability examiners should base their determinations on the merit of the evidence.

We have many safeguards and quality checks in place to ensure that the DDSs provide consistent and accurate disability determinations. For example, each DDS conducts an in-depth and substantive review of adjudicated claims. Furthermore, the Office of Quality Performance (OQP) reviews a sample of DDS determinations to ensure that they are correct, consistent, and in line with national policies and standards.

Our quality measures indicate that the AL-DDS achieves a high accuracy rate. The chart below is an excerpt from OQP's fiscal year (FY) 2007 and 2008 Quality Assurance (QA) report. It summarizes performance and net accuracy information for the Atlanta Region and the AL-DDS.[1]

FY 2007	Performance Accuracy	Net Accuracy	FY 2008	Performance Accuracy	Net Accuracy
Atlanta	93.6	96.8	Atlanta	95.0	96.8
Alabama	95.2	98.1	Alabama	96.7	97.9

We acknowledge the intent of the second part of the recommendation, which states that the

[1] Office of Disability Program Quality (ODPQ) Web QA Reports, Office of Quality Performance Federal Quality Assurance Review, Initial Disability Determinations, Performance Accuracy and Net Accuracy Summary, Table 1 FY 2007-2008

AL-DDS should avoid all communications and other actions that personnel could interpret as pressure to approve disability claims. The AL-DDS does not use allowance rate information to manage employee performance. Nevertheless, it is management's responsibility to use and share management information to identify anomalies or outliers and to ensure that fair and consistent decisions are made.

Recommendation 2

Monitor the signature queue process to ensure compliance with policies and procedures, including the requirement to adequately review disability claims before final signature.

Comment

We agree. The AL-DDS agreed to implement enhanced end-of-line and random quality reviews to ensure MCs responsible for signing disability claims are adhering to the policies and procedures.

OIG Contacts and Staff Acknowledgments

OIG Contacts

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Acknowledgments

In addition to those named above:

Hollie Reeves, Senior Auditor

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