



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Congressional Response Report*

Contractor's Market Research and  
Analysis for the Disability Case  
Processing System

*A-14-18-50506 | February 2018*

**OIG** Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

February 5, 2018

The Honorable Sam Johnson  
Chairman, Subcommittee on  
Social Security  
Committee on Ways and Means  
House of Representatives  
Washington, DC 20515

Dear Chairman Johnson:

In a February 13, 2015 letter, you asked that we review issues related to the Social Security Administration's development of its Disability Case Processing System. For this report, we evaluated the market research and analysis a contractor conducted for the System. To ensure it is aware of the information provided to your office, we are forwarding a copy of this report to the Agency.

If you have any questions concerning this matter, please call me or have your staff contact Walter Bayer, Congressional and Intragovernmental Liaison, at (202) 358-6319.

Sincerely,



Gale Stallworth Stone  
Acting Inspector General

Enclosure

cc:  
Commissioner of Social Security  
General Counsel

# Contractor’s Market Research and Analysis for the Disability Case Processing System

## A-14-18-50506



February 2018

Office of Audit Report Summary

### Objective

To evaluate the market research and analysis a contractor conducted for the Social Security Administration’s (SSA) Disability Case Processing System (DCPS).

### Background

SSA partners with State disability determination services (DDS) to evaluate disability claims and make disability determinations. The DDSs use various customized systems to process disability cases.

SSA is developing DCPS to provide DDSs a common system to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs.

SSA decided to suspend development of DCPS in May 2015 and, over the last 2 years, has been developing a new custom-built solution, DCPS2.

In April 2017, SSA hired a contractor to conduct market research and analyze options that could fulfill the Agency’s requirements. The contractor evaluated three alternatives: SSA’s custom-built DCPS2; a commercial off-the-shelf case management system; and a modernized version of the vendor-owned existing systems used by the majority of DDSs. The contractor delivered its final report to SSA on July 31, 2017.

### Results

The contractor reported, “The modernized system is needed by SSA Business in January 2018” and determined that DCPS2 was the only alternative that could meet that requirement. SSA has made significant investments in DCPS2 since 2015 and, at the time of the contractor’s analysis, had made progress toward delivering Release 1 by January 2018. Conversely, the other two options the contractor considered would have required acquisition by the Agency and would not have been able to deliver the functionality by the Agency-determined “Need By” date.

According to the contractor, the analysis was intended to “. . . identify issues and risks that might affect the agency’s final decision.” SSA’s leadership informed us that, based on the contractor’s results, the Agency continued developing DCPS2.

### Conclusion

Because SSA had not identified all the user stories associated with the functionality DDSs need to fully process all their workloads or the level of effort required to develop and deliver that functionality, we do not know when the Agency will deliver full functionality through DCPS2. To complete development, SSA will need to continue investing in DCPS2 beyond January 2018. Further, until it implements the new system, the Agency cannot retire its existing systems.

While we acknowledge the Agency’s efforts in obtaining this analysis, a number of factors—including Federal procurement requirements, the date by which SSA told the contractor it needed a new solution, and the short timeframe the Agency gave the contractor to conduct its analysis—limited the contractor’s analysis.

As Chairman Johnson requested, we plan to continue monitoring the DCPS project and issue periodic reports on SSA’s DCPS-related efforts.

# TABLE OF CONTENTS

Objective .....	1
Background .....	1
June and August 2014 Consultant’s Reports .....	2
SSA’s Proofs of Concept .....	2
May 2016 Report .....	3
December 2016 Report .....	3
Congressional Request for an Independent Evaluation .....	3
SSA’s Contract for Research and Analysis .....	4
DCPS and the Agency’s Fiscal Year 2017 Appropriations .....	4
Results of Review .....	5
The DCPS2 Option .....	5
The Commercial Off-the-Shelf Option .....	7
The Option of a Modernized Version of Current Vendor-owned System .....	8
Conclusion .....	9
Appendix A – Scope and Methodology .....	A-1
Appendix B – Related Office of the Inspector General Reports .....	B-1
Appendix C – Letter from Chairmen Johnson and Hatch .....	C-1
Appendix D – Disability Case Processing System Road Map .....	D-1
Appendix E – Agency Comments .....	E-1

## ABBREVIATIONS

DCPS	Disability Case Processing System
DDS	Disability Determination Services
OIG	Office of the Inspector General
SSA	Social Security Administration
U.S.C.	United States Code

## OBJECTIVE

Our objective was to evaluate the market research and analysis a contractor conducted for the Social Security Administration’s (SSA) Disability Case Processing System (DCPS).<sup>1</sup>

## BACKGROUND

SSA partners with State disability determination services (DDS) to evaluate disability claims and make disability determinations.<sup>2</sup> The DDSs use various customized systems to process disability cases (see Table 1). According to SSA, these systems cost it about \$31 million each year to operate and maintain.

**Table 1: Number of DDSs Using Existing Systems and Total Caseloads**

System	DDSs/ Units	Fiscal Year 2017 Caseload	
		Cases	Percent
MicroPact (iLevy/IronData St. Louis)	32 <sup>3</sup>	2,299,532	51.8%
MicroPact (Versa/IronData Toronto)	18 <sup>4</sup>	1,366,685	30.8%
Modernized Integrated Disability Adjudicative System	4 <sup>5</sup>	534,836	12.0%
Analyst Case Processing System	1 <sup>6</sup>	220,416	5.0%
Cornhusker	1 <sup>7</sup>	17,898	0.4%
<b>TOTAL</b>	<b>56</b>	<b>4,439,367<sup>8</sup></b>	<b>100.0%</b>

<sup>1</sup> We have issued a series of reports that examine SSA’s DCPS project (see Appendix B).

<sup>2</sup> *Social Security Act*, 42 U.S.C. § 421 and 42 U.S.C. § 1383b (2017).

<sup>3</sup> This includes 29 DDSs and 3 Extended Service Teams. SSA established four Extended Service Teams (in Arkansas, Mississippi, Virginia, and Oklahoma) to provide national case processing assistance to States most adversely affected by increasing initial disability claim receipts. They are centralized units that process initial disability cases received from the DDSs and field offices across the country. Like DDSs, Extended Service Teams are State agencies and are staffed by federally funded state workers.

<sup>4</sup> This includes 17 DDSs and 1 Extended Service Team.

<sup>5</sup> The Modernized Integrated Disability Adjudicative System—an SSA-owned, COBOL-based system that was originally developed in the early 1990s—is used by the Alaska, California, Delaware, and Missouri DDSs.

<sup>6</sup> The New York DDS uses the Analyst Case Processing System.

<sup>7</sup> The Nebraska DDS uses the Cornhusker system.

<sup>8</sup> The Fiscal Year 2017 total includes 1,859 cases worked in DCPS.

SSA is developing DCPS as a common case processing system for all DDSs. The Agency expects DCPS to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs.

## June and August 2014 Consultant's Reports

In June 2014, a consulting firm contracted by SSA reported that, despite significant investment over several years, DCPS Beta delivered limited functionality and faced schedule delays and increasing stakeholder concerns.<sup>9</sup> The consultant recommended that SSA evaluate the best alternative to establish DCPS. In August 2014, the consultant estimated an off-the-shelf product could support about 85 percent of DCPS features without requiring custom code.

## SSA's Proofs of Concept

In November 2014, we recommended that SSA suspend development of DCPS Beta while it evaluated alternatives.<sup>10</sup> SSA disagreed and, while developing DCPS Beta, conducted two proofs of concept to help it determine the best path forward. Proof of Concept 1 explored commercially available, off-the-shelf software the consultant believed was most likely to meet its needs. Proof of Concept 2 explored using custom, SSA-developed software.

SSA hired a contractor to perform Proof of Concept 1. Although the contractor concluded the Agency could effectively, economically, and efficiently adopt an off-the-shelf product to perform DCPS workload and case management functions, SSA did not consider it to be a viable alternative based on the Agency's estimated costs and implementation schedule.<sup>11</sup> The Agency concluded it could deliver a solution faster and at a lower cost by developing a new, custom-built system rather than continue with DCPS Beta or use off-the-shelf software. SSA decided to discontinue developing and using DCPS Beta in May 2015, and, in July 2015, began working on a new system, DCPS2.

---

<sup>9</sup> Beta software refers to computer software that is undergoing testing and has not yet been officially released. Three DDSs—Missouri, Illinois, and Idaho—processed nearly 2,000 disability cases using DCPS Beta. The DDSs used their legacy systems to process all other cases.

<sup>10</sup> SSA OIG, *Congressional Response Report: The Social Security Administration's Disability Case Processing System*, A-14-15-15016 (November 2014).

<sup>11</sup> Northrup Grumman, *5.08-990 Proof of Concept Commercial Off-the-Shelf (COTS) Software Solution Final Report*, p. 102 (January 15, 2015).

## May 2016 Report

Our May 2016 report concluded SSA did not fully evaluate all potentially viable alternatives for DCPS, including discontinuing the project entirely and continuing to use the existing systems.<sup>12</sup> SSA did not include all functional requirements and operational costs in its analysis. Furthermore, because SSA based some of its conclusions on high-level assessments and did not prepare detailed documentation, we could not evaluate the reasonableness of the Agency's cost and implementation estimates. As a result, we could not conclude SSA's chosen path forward was most likely to result in the timely delivery of a cost-effective solution that meets users' needs.

The suspension of development for DCPS Beta was a key decision point in the path forward for DCPS, and we reported SSA should have fully analyzed all alternatives before it invested additional resources into a new path. SSA disagreed, stating that another full alternatives analysis was not required and would have caused additional project costs and delays.

## December 2016 Report

According to the Office of Management and Budget, agencies should periodically update their alternatives analyses to capture changes in context for an investment decision.<sup>13</sup> In August 2016, the vendor that supported the software used by most of the DDSs announced plans to modernize its existing systems over a 24-month period.<sup>14</sup> In December 2016, we reported that SSA should evaluate its plans to ensure it can demonstrate to Congress and the public that it had chosen the most cost-effective alternative to achieve its goals.<sup>15</sup>

## Congressional Request for an Independent Evaluation

On March 10, 2017, Chairman Johnson, Subcommittee on Social Security, Committee on Ways and Means, and Chairman Hatch of the Senate Finance Committee requested that SSA “. . . obtain an independent evaluation to determine whether to continue internal development of [DCPS] or if there is a viable alternative private sector solution” (see Appendix C).

---

<sup>12</sup> SSA OIG, *Congressional Response Report: The Social Security Administration's Analysis of Alternatives for the Disability Case Processing System*, A-14-16-50078, p. 8 (May 2016).

<sup>13</sup> The Office of Management and Budget, *Guidance on Exhibits 53 and 300 – Information Technology and E-Government*, p. 5 (July 1, 2013). This definition continues to be used on the E-Government Community-MAX Federal Community, E-Gov Integrated Data Collection Community in the *FY17 Integrated Data Collection Common Definitions*, Version 2015.01 (last updated July 2, 2015).

<sup>14</sup> The DDSs that used the vendor's existing systems processed about 83 percent of the total disability determination workload in Fiscal Year 2017 (see Table 1).

<sup>15</sup> SSA OIG, *Congressional Response Report: Progress in Developing the Disability Case Processing System as of November 2016*, A-14-17-50174, p. 8 (December 2016).

## SSA's Contract for Research and Analysis

On April 20, 2017, SSA contracted with a not-for-profit, federally funded research and development center to conduct market research and analysis “. . . to provide input to the SSA as they consider whether there are viable options to the current DCPS modernization approach that would potentially provide greater value.”<sup>16</sup> According to its Project Work Plan, the contractor would “[i]dentify and document key business needs for disability claims processing” and “[o]btain feedback from the [Agency’s] business sponsor on the validity of the identified business needs.”<sup>17</sup> The contractor also stated, “This is a quick turnaround task with limited resources.” The contractor evaluated three alternatives: SSA’s custom-built DCPS2; a commercial off-the-shelf case management system; and a modernized version of existing vendor-owned systems used by the majority of DDSs. The contractor delivered its final report to SSA on July 31, 2017.<sup>18</sup>

## DCPS and the Agency’s Fiscal Year 2017 Appropriations

In its explanation of the *Consolidated Appropriations Act, 2017*, the House Committee on Appropriations included the following statement.

*Disability Case Processing System.*—The agreement strongly supports the recommendation by the Office of Inspector General that SSA should periodically evaluate its path forward to ensure it is pursuing the most cost-effective alternative to achieve the goals of a modernized case-processing system for SSA and obtain the greatest value for the taxpayer. To that end, the agreement supports SSA’s decision to obtain an independent, third-party evaluation of the advantages and disadvantages of pursuing various alternatives from this point forward, including continued deployment of DCPS2, and other options. The Social Security Administration is directed to brief the Committees on Appropriations of the House of Representatives and the Senate on the results of the evaluation within 90 days of enactment of this Act.<sup>19</sup>

---

<sup>16</sup> The MITRE Corporation, *SSA Disability Case Processing Independent Market Research and Analysis, Final*, p. 1 (July 31, 2017). Contract No. TIRNO-99-D-00005/SS00-17-30196, Award amount \$237,535.

<sup>17</sup> The MITRE Corporation, *SSA Independent Buy vs. Build Analysis Project Work Plan Update, Final, Task: SS00-17-30196*, p. 2 (July 31, 2017).

<sup>18</sup> The MITRE Corporation, *SSA Disability Case Processing Independent Market Research and Analysis, Final*, p. 1 (July 31, 2017). SSA provided us the contractor’s report on September 1, 2017.

<sup>19</sup> *Explanatory Statement to the Consolidated Appropriations Act, 2017, Congressional Record*, vol. 163, No.76-Book III, p. H3956 (May 3, 2017).

## RESULTS OF REVIEW

In its report, the contractor stated, “The modernized system is needed by SSA Business in January 2018” and determined that DCPS2 was the only alternative that could meet that requirement.<sup>20</sup> SSA has made significant investments in DCPS2 since 2015 and, at the time of the contractor’s analysis, had made progress toward delivering Release 1 by January 2018. Conversely, the other two options the contractor considered would have required formal acquisition by the Agency and would not have been able to deliver comparable functionality by the Agency-determined “Need By” date.

Because SSA had not identified all the user stories associated with the functionality DDSs need to fully process all their workloads or the level of effort required to develop and deliver that functionality, we do not know when the Agency will deliver full functionality through DCPS2.<sup>21</sup>

According to the contractor, the analysis was intended to “. . . identify issues and risk that might affect the agency’s final decision.”<sup>22</sup> SSA’s leadership informed us that, based on the contractor’s results, the Agency continued with development of DCPS2.

### The DCPS2 Option

In 2015, the Agency’s plan for the initial release of DCPS—then referred to as Core—was equivalent to a minimum viable product. SSA informed the Office of Management and Budget that the Agency would consider the initial release of DCPS2 to be a success if it supported all case levels and claim types and allowed a DDS to completely stop using its current system to intake new cases.<sup>23</sup> SSA subsequently revised its plans for DCPS2 Core, which it now refers to as DCPS2 Release 1. While SSA no longer considers the ability for DDSs to discontinue using their existing systems to be necessary for a minimum viable product, it remains the Agency’s goal for the project. In its report, the contractor acknowledged this, stating the completion date is the “[d]ate that the legacy system can be replaced . . . including state-specific customizations.”<sup>24</sup>

---

<sup>20</sup> The MITRE Corporation, *SSA Disability Case Processing Independent Market Research and Analysis, Final*, pp. 43 and 67 (July 31, 2017).

<sup>21</sup> With Agile, functional requirements are expressed as user stories. Each user story is assigned a level of effort, called a story point, which is used to communicate complexity and progress between the business and development sides of the project.

<sup>22</sup> The MITRE Corporation, *SSA Independent Buy vs. Build Analysis Project Work Plan Update, Final, Task: SS00-17-30196*, p. 1 (July 31, 2017).

<sup>23</sup> McKinsey & Company Inc., *DCPS Program Assessment*, p. 5 (April 21, 2016).

<sup>24</sup> The MITRE Corporation, *SSA Disability Case Processing Independent Market Research and Analysis, Final*, p. 67 (July 31, 2017).

The contractor reported, “The modernized system is needed by SSA Business in January 2018,” and determined, “Of the three options, DCPS2 has the highest overall match with the requirements, development, integration, and security evaluation criteria. It also has a lower cost, even when adjusted for risk. The risks associated with DCPS2 are manageable with proper mitigation strategies and, in certain cases, are diminishing.”<sup>25,26</sup>

The contractor’s report stated, “DCPS2 is currently on schedule to deliver full functionality by the business-need date of January 2018.”<sup>27</sup> However, at the time of the analysis, SSA did not plan to deliver full functionality in DCPS2 Release 1, which it scheduled for January 2018. Rather, the Agency expected that release would include functionality to support most initial and reconsideration cases. DDSs using DCPS2 would need to continue using their existing systems to process other workloads, including continuing disability reviews.

The contractor also concluded “. . . [t]he most significant risks for DCPS2 are associated with SSA’s limited ability to plan for a predictable delivery of functionality, which is driven by SSA’s limited experience with Agile.”<sup>28</sup> However, SSA has demonstrated its capability to deliver recent releases on plan; therefore, this risk although high, appears to be diminishing as their familiarity and experience with Agile increases.”<sup>29</sup> While SSA has made progress toward delivering Release 1 functionality since it began development in October 2015, the Agency has not identified all the user stories associated with the functionality DDSs need to fully process all their workloads in DCPS or the level of effort required to develop and deliver that functionality. Consequently, we do not know when SSA will deliver full functionality through DCPS2.

---

<sup>25</sup> In its draft report, the contractor assessed the level to which the DCPS2 alternative could meet SSA’s collective authorization and authentication requirements as low. However, in its final report, the contractor separated these two requirements and concluded the level to which it could meet authentication requirements was high, and the level to which it could meet authorization requirements was medium. We do not have information about why the contractor changed its conclusion between its draft and final reports.

<sup>26</sup> The MITRE Corporation, *SSA Disability Case Processing Independent Market Research and Analysis, Final*, p. 43 (July 31, 2017).

<sup>27</sup> The MITRE Corporation, *SSA Disability Case Processing Independent Market Research and Analysis, Final*, p. 43 (July 31, 2017).

<sup>28</sup> Agile software development calls for early and continuous software delivery by developing it in small, short increments rather than in the long, sequential phases of a traditional “waterfall” approach. Agile emphasizes using collaborative teams and measuring progress with working software.

<sup>29</sup> The MITRE Corporation, *SSA Disability Case Processing Independent Market Research and Analysis, Final*, p. vii (July 31, 2017).

In November 2017, SSA revised its Road Map and now expects to deliver functionality to support all workloads—including continuing disability reviews—later in 2018.<sup>30</sup> However, as we stated in our prior report, given the uncertainty regarding the future growth of the development backlog and SSA’s ongoing development velocity, we were unable to conclude whether the Agency’s release goals were reasonable.<sup>31,32</sup>

## The Commercial Off-the-Shelf Option

In August 2014, a consultant estimated a commercial off-the-shelf product could support about 85 percent of DCPS features without requiring custom code.<sup>33</sup> In September 2014, SSA hired a contractor to perform a Proof of Concept. That contractor concluded SSA could effectively, economically, and efficiently adopt an off-the-shelf product to perform DCPS workload and case management functions.

In the 2017 analysis, SSA’s contractor reported it considered the consultant’s work from 2014. However, it is unclear whether it considered the other contractor’s analysis from the 2015 Proof of Concept.

Additionally, the 2017 contractor did not meet with the subject vendor to evaluate the commercial off-the-shelf alternative. Because of competitive requirements in Federal contracting regulations, the contractor limited its analysis to publicly available information. As a result, the contractor could not form a conclusion for many of the categories examined in the analysis. In its report,<sup>34</sup> the contractor stated, “Additional vendor and systems integrator specific information is required to do a comprehensive analysis.”<sup>35,36</sup>

---

<sup>30</sup> See Appendix D for the Agency’s revised DCPS Product Roadmap.

<sup>31</sup> SSA OIG, *Congressional Response Report: Progress in Developing the Disability Case Processing System as of August 2017*, A-14-17-50221 (September 2017).

<sup>32</sup> The backlog is a list of user stories to be addressed by working software. Velocity tracks the rate of work using the number of story points completed, or expected to be completed, in an iteration.

<sup>33</sup> Commercially available off-the-shelf items are offered to the Government, without modification, in the same form in which they are sold in the commercial marketplace.

<sup>34</sup> The MITRE Corporation, *SSA Disability Case Processing Independent Market Research and Analysis, Final*, p. 12 (July 31, 2017).

<sup>35</sup> In its draft report, the contractor stated, “Any meaningful analysis of requirements would require direct contact with [the vendor],” and “It was difficult to perform a complete evaluation of [the alternative] due to a lack of information.” However, the contractor removed these statements from its final report.

<sup>36</sup> A systems integrator is an individual or organization that builds systems from a variety of diverse components. With increasing complexity of technology, more customers want complete solutions to information problems, requiring hardware, software and networking expertise in a multivendor environment.

According to the Government Accountability Office, it is a best practice to describe alternatives in sufficient detail to allow for robust analysis.<sup>37</sup> We are concerned these issues may have resulted in an incomplete evaluation of the option and therefore insufficient information on which SSA could rely to make decisions.

Notwithstanding, the contractor reported, “. . . the modernized system is needed by SSA Business in January 2018.” Because the off-the-shelf option would have required formal acquisition, there likely was insufficient time to meet the “Need By” date.

## The Option of a Modernized Version of Current Vendor-owned System

The contractor concluded<sup>38</sup> the option of a modernized version of current vendor-owned system “. . . does well against the evaluation criteria, but . . . has additional risk in development and deployment, predominately due to [the vendor’s] inability to work directly with the users on this product.”<sup>39,40</sup> In contrast, the contractor concluded DCPS2 presented a lower risk to SSA in part because the Agency was engaging users in its development.

The analysis was about evaluating alternatives to help the Agency decide the best path forward. However, it appears the contractor concluded this option was riskier in part *because* SSA had not selected it.<sup>41</sup> Nevertheless, because this option would have required formal acquisition, there likely was insufficient time to meet the Agency’s “Need By” date.

---

<sup>37</sup> Government Accountability Office, *Analysis of Alternatives Could Be Improved by Incorporating Best Practices*, GAO-15-37, p. 14 (December 2014).

<sup>38</sup> The MITRE Corporation, *SSA Disability Case Processing Independent Market Research and Analysis, Final*, p. vii (July 31, 2017).

<sup>39</sup> Because SSA did not have a contractual relationship with the vendor to develop a new system, the vendor used business analysts who had experience with the existing systems and with SSA’s disability case progressing. The vendor would be able to incorporate users into its development process if the Agency entered into a contract with it.

<sup>40</sup> In its draft report, the contractor assessed the level to which this alternative could meet SSA’s requirements with regard to rollout and transition plans as high. However, in its final report, the contractor lowered its assessment to medium. We do not have information about why the contractor changed its conclusion.

<sup>41</sup> This option in the sentence refers to the *Modernized Version of Current Vendor-owned System*.

## CONCLUSION

The contractor reported, “The modernized system is needed by SSA Business in January 2018,” and determined that DCPS2 was the only alternative that could meet that requirement. SSA has made significant investments in DCPS2 since 2015 and, at the time of the contractor’s analysis, had made progress toward delivering Release 1 by January 2018. Conversely, the other two options the contractor considered would have required acquisition by SSA and would not have been able to deliver the functionality by the Agency-determined “Need By” date.

Because SSA had not identified all the user stories associated with the functionality DDSs need to fully process all their workloads or the level of effort required to develop and deliver that functionality, we do not know when the Agency will deliver full functionality through DCPS2. To complete development, SSA will need to continue investing in DCPS2 beyond January 2018. Further, until it fully implements a new system, the Agency cannot retire its existing systems.

In March 2017, Chairman Johnson requested that SSA “. . . obtain an independent evaluation to determine whether to continue internal development of [DCPS] or if there was a viable alternative private sector solution.” While we acknowledge the Agency’s efforts in obtaining this analysis, a number of factors—including Federal procurement requirements, the date by which SSA told the contractor it needed a new solution, and the short timeframe the Agency gave the contractor to conduct its analysis—limited the contractor’s analysis.

For the Agency’s comments to our draft report, see Appendix E. As Chairman Johnson requested, we plan to continue monitoring the DCPS project and issue periodic reports on SSA’s DCPS-related efforts.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

---

To accomplish our objective, we:

- Reviewed the contractor’s draft and final reports of its market research and analysis of options for the Disability Case Processing System (DCPS) performed for the Social Security Administration (SSA).
- Met with SSA and its contractor to discuss questions on the scope and methodology of the market research and analysis of options.
- Reviewed the Agency’s acquisition documentation.
- Reviewed related Office of the Inspector General reports and other applicable contractor reports.

Our review was not intended to enable us to express, and, accordingly, we do not express, opinions about the alternatives. Rather, we focused our effort on reviewing the methodology the contractor used to conduct its analysis and the information and assumptions upon which the contractor based its conclusions. We did not re-perform the market research and analysis of alternatives, and we do not recommend the Agency select any alternative. The responsibility for deciding the direction of SSA’s DCPS rests solely with Agency management.

We conducted our review in Baltimore, Maryland, between September and December 2017. The principal entities reviewed were SSA’s DCPS, Office of the Chief Program Officer, and the Office of the Deputy Commissioner for Systems. We determined the data used for this audit were sufficiently reliable to meet our objective. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## Appendix B – RELATED OFFICE OF THE INSPECTOR GENERAL REPORTS

---

This report is one in a series of Office of the Inspector General reports that examine the Social Security Administration’s (SSA) progress in developing and implementing the Disability Case Processing System (DCPS).

***Congressional Response Report: Progress in Developing the Disability Case Processing System as of August 2017 ([A-14-17-50221](#)), September 2017***

As of August 2017, SSA had planned to deliver functionality to support initial and reconsideration cases by January 2018 and all remaining workloads—including continuing disability reviews and disability determination services (DDS) disability hearings—by April 2018. However, given the uncertainty regarding the future growth of the backlog and SSA’s ongoing development velocity, we were unable to conclude whether the Agency’s release goals were reasonable.

***Congressional Response Report: Progress in Developing the Disability Case Processing System as of March 2017 ([A-14-17-50079](#)), April 2017***

SSA’s ability to meet its delivery goals will depend on the backlog’s future growth and velocity with which the Agency completes the user stories. We reported the Agency should continue reviewing its delivery targets to ensure they are feasible, considering the resources committed to the project and the Agency’s development experience to-date. In addition, SSA identified—and is taking steps to address—some security concerns with the system.

***Congressional Response Report: Progress in Developing the Disability Case Processing System as of November 2016 ([A-14-17-50174](#)), December 2016***

In May 2016, SSA estimated the first release of DCPS2 would be available in December 2016 and would support initial claims and reconsiderations. However, SSA changed the scope of the release and planned for it to include only the functionality needed to support a limited number of cases. We concluded SSA would need to make further investments in the product before it could support initial claims and reconsiderations.

***Congressional Response Report: Costs Incurred in Developing the Disability Case Processing System ([A-14-16-50099](#)), September 2016***

SSA’s reported costs of \$356 million for the DCPS project for the 8-year period ended September 30, 2015 were reasonably accurate. We noted issues with SSA’s processes for capturing and reporting contractor and labor costs. While we did not consider these issues to be of sufficient significance to materially affect the overall DCPS cost figure, we believe they warrant SSA’s attention.

***Congressional Response Report: The Social Security Administration’s Analysis of Alternatives for the Disability Case Processing System ([A-14-16-50078](#)), May 2016***

We concluded SSA did not sufficiently evaluate all alternatives for DCPS—for example, phasing an existing system into all DDSs or procuring and modernizing one of the existing vendor-supported systems. Without a comprehensive analysis of alternatives, the Agency cannot be assured the chosen path will be the best path to simplify system support and maintenance and reduce infrastructure costs—key objectives for the DCPS project. We could not conclude the Agency’s chosen path forward is most likely to result in the timely delivery of a cost-effective solution that meets users’ needs.

***Observations and Recommendations for the Disability Case Processing System (Limited Distribution) ([A-14-15-50008](#)), May 2015.***

All three DDS administrators we interviewed identified issues with the DCPS application and development process but expressed their continued support of DCPS and optimism about the project. We made several recommendations for SSA to consider as it continued developing DCPS.

***Congressional Response Report: The Social Security Administration’s Disability Case Processing System ([A-14-15-15016](#)), November 2014.***

SSA had taken steps to help get the project on track. However, we believe SSA should suspend the development of certain custom-built components of DCPS until it has completed its evaluations and determined whether off-the-shelf or modernized SSA-owned software are viable alternatives.

# Appendix C – LETTER FROM CHAIRMEN JOHNSON AND HATCH

Congress of the United States  
Washington, DC 20515

March 10, 2017

Nancy Berryhill  
Acting Commissioner  
Social Security Administration  
6401 Security Boulevard  
Baltimore, MD 21235

Dear Acting Commissioner Berryhill:

We ask that you obtain an independent evaluation to determine whether to continue internal development of a Disability Case Processing System (DCPS) or if there is a viable alternative private sector solution.

As you know, the Social Security Administration (SSA) has been working to develop DCPS for almost a decade. Later this spring, a decision will be made on whether to continue internal development of DCPS, or if there is a viable private sector solution. When this decision is made, it should be based on an independent evaluation of all available options.

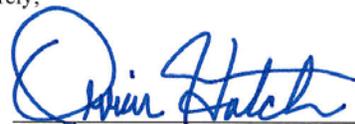
As Acting Commissioner, you are entrusted with taxpayers' hard earned dollars. In order to meet that trust, you need to have the best, most impartial analysis available when deciding on the right direction to take. An analysis cannot be impartial if it is undertaken by SSA employees that have been working to develop DCPS. Additionally, after having spent more than 8 years and over \$350 million on the initial development of DCPS, Congress needs to be confident that the SSA's decision was made impartially, and based on the best interest of hardworking taxpayers. An independent analysis is necessary to ensure this confidence.

Thank you for your attention to this matter and we look forward to receiving a response by no later than March 24. If you have any questions concerning this request, please contact Amy Shuart, the Social Security Subcommittee Staff Director, at (202) 225-9263, or Jeff Wrase, the Senate Finance Committee Chief Economist, at (202) 224-4515.

Sincerely,



Sam Johnson  
Chairman  
Subcommittee on Social Security  
Committee on Ways and Means



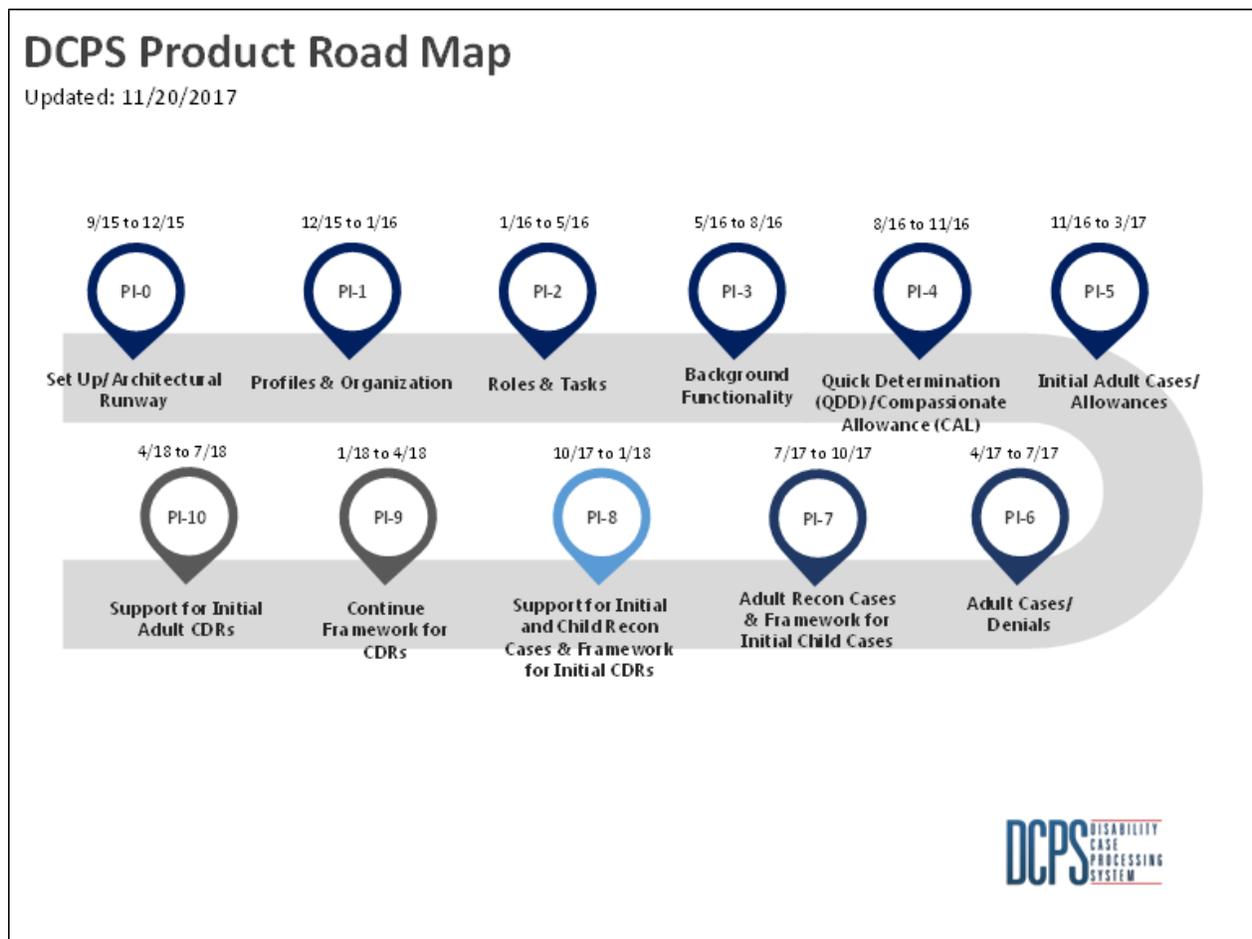
Orrin G. Hatch  
Chairman  
Senate Finance Committee

PRINTED ON RECYCLED PAPER

## Appendix D– DISABILITY CASE PROCESSING SYSTEM ROAD MAP

The Product Road Map represents the Social Security Administration’s (SSA) plans for the Disability Case Processing System (DCPS). According to the Agency, the Road Map is subject to change because of many factors, including current velocity, ability to estimate more accurately, and changing business priorities.

**Figure D–1: SSA’s DCPS Product Road Map**



## Appendix E – AGENCY COMMENTS

---



## SOCIAL SECURITY

### MEMORANDUM

**Date:** January 30, 2018 **Refer To:**

**To:** Gale Stallworth-Stone  
Acting Inspector General

**From:** Stephanie H. *Stephanie Hall*  
Acting Deputy Chief of Staff

**Subject:** Office of the Inspector General Draft Congressional Response Report, “Contractor’s Market Research and Analysis for the Disability Case Processing System” (A-14-18-50506) – INFORMATION

Thank you for the opportunity to review the draft report. The Social Security Administration (agency) successfully has continued progress in the development of a Disability Case Processing System (DCPS2), while remaining cognizant of alternatives. We would like to note a few matters that may be of assistance.

The independent analysis was performed by a not-for-profit, federally funded, research and development center (“contractor”). As such, the contractor was free from commercial interests, including contract support activities for systems that may be impacted by the results of its analysis. The independent analysis concluded that DCPS2 meets and/or exceeds the agency’s specified, business functional requirements, while incurring a lower cost and a lower risk than the other products analyzed.<sup>1</sup>

The agency will deliver DCPS2 core functionality to current users in January 2018, in accordance with the product roadmap. The term “core” is used in its common meaning to denote

---

<sup>1</sup> Contractor’s Market Research and Analysis for the Disability Case Processing System (Independent Analysis) at pp. v-vii.

key or foundational case processing functions.<sup>2</sup> With this in mind, the core functionality and delivery includes capability for virtually all initial and reconsideration cases for both adult and child disability claims types.

For DCPS2, the agency utilizes Agile methodologies, which are at the forefront of modern software development. A key feature in correctly employing an Agile process involves continuous interaction with users throughout development to build the product backlog<sup>3</sup> and identify user stories.<sup>4</sup> It is fundamental in Agile that as product development advances the real-time user stories must modify and prioritize delivery of functionality increments. Conversely, the report states that the agency has not identified all the user stories associated with functionality to fully process all Disability Determination Services workloads or the level of effort required to develop and deliver that functionality.<sup>5</sup> This type of static, waterfall assessment, however, is contrary to effective Agile product development.

In employing the value-driven, development processes necessary under Agile, the agency successfully has increased velocity and delivered promised increments to users in a dynamic environment. The agency additionally has matured and refined its Agile capabilities, as expected. Moreover, the agency appropriately identified necessary user stories to develop and deliver the DCPS2 core<sup>6</sup> as targeted for January 2018.

The January 2018 delivery date is cited throughout the report. Regarding this date, in research and analysis processes, a benchmark date is basic to measure development maturity. Appropriately based on the product roadmap previously provided by the agency to stakeholders, and concomitant promises the agency made to users regarding delivery of the core functionality, a benchmark date of January 2018 was utilized. This benchmark date in the contractor's analysis may be referred to as a completion date, business-need date, or need by date of the core. As such, it was a limited factor, among numerous factors, considered by the contractor.

The report also mentions Federal procurement requirements as limiting the contractor's analysis. The mandates and law of procurement, however, cannot be disregarded by the agency or the contractor in this circumstance or any other. Federal mandates govern contact with potential vendors,<sup>7</sup> as well as full and open solicitation and competition,<sup>8</sup> and the contractor appropriately

---

<sup>2</sup> In the Independent Analysis, the terms “modernized system,” “minimum viable product,” or “full functionality” refer to the DCPS2 core.

<sup>3</sup> In Agile terminology, a “product backlog” is a user requested, prioritized features list.

<sup>4</sup> A “user story” is a description of a software feature from a user's perspective.

<sup>5</sup> Draft Report at Summary Page and at p.8.

<sup>6</sup> Correctly following Agile methodology, delivery of the DCPS2 core equates to a minimum viable product, providing users with functionality for real-time, additional identification of user stories necessary for continuing functional development.

<sup>7</sup> Draft Report at pp.6-7.

<sup>8</sup> Draft Report at pp.6-7.

complied. Importantly, while adhering to Federal mandates, the contractor employed appropriate information identification and utilization methods in accordance with well-accepted, industry-standard research and analysis processes. The extensive information the contractor utilized was more than sufficient in rendering its final, independent analysis.

Additionally, the time period of the independent analysis was sufficient under the circumstances, which include the agency's appropriate efforts to brief the Committees on Appropriations regarding the results of the evaluation (as directed in the 2017 Consolidated Appropriations Act), as well as other congressional commitments. A timely analysis additionally was beneficial to guide the agency's efficiencies in continued, internal efforts and other, potential options for case processing. Equally, the time utilized did not cause a detriment to the solid, independent analysis provided by the contractor.

Regarding a few issues mentioned in the report as being unclear, to be of assistance, the agency sought clarification from the contractor. For, example the report states "it is unclear whether [the contractor] considered the other contractor's analysis from the 2015 Proof of Concept."<sup>9</sup> The 2015 Proof of Concept was considered by the contractor, as were many other previous analyses. In further clarification,<sup>10</sup> where the report states "it appears that the contractor concluded [an] option was riskier in part *because* SSA had not selected it,"<sup>11</sup> the contractor clarified that it did not draw such a conclusion.

Thank you, again, for the opportunity to review the draft report. In service to the American people, we will continue to evaluate viability of options, while appropriately adhering to our duties regarding quality and timely case processing at all levels.

Please let me know if we can be of further assistance.

---

<sup>9</sup> Draft Report at p.6.

<sup>10</sup> In footnotes, the draft report mentions modifications from the draft stage to the final analysis. Draft modifications leading to a final result are common in research and analyses processes. Importantly here, following the draft stage, the contractor diligently gathered and assessed additional information, accompanied by further analysis, to complete its final report.

<sup>11</sup> Draft Report at p.7.

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

## CONNECT WITH US

The OIG Website (<https://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, "[Beyond The Numbers](#)" where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

## OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <https://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <https://oig.ssa.gov/e-updates>.

## REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

**Website:** <https://oig.ssa.gov/report-fraud-waste-or-abuse>

**Mail:** Social Security Fraud Hotline  
P.O. Box 17785  
Baltimore, Maryland 21235

**FAX:** 410-597-0118

**Telephone:** 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

**TTY:** 1-866-501-2101 for the deaf or hard of hearing