

The Cost-effectiveness of Vocational Rehabilitation Services

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Office of Audit Report Summary

Objective

To determine whether vocational rehabilitation (VR) services provided to Social Security Administration (SSA) beneficiaries were cost-effective.

Background

The services provided by a State VR agency are identified in the *Rehabilitation Act of 1973*, as amended, and are spelled out in an agreement between the disabled individual and the VR counselor in an individualized plan for employment. VR services for individuals include an assessment for determining vocational rehabilitation needs by qualified personnel, job-related services, and vocational and other training services.

SSA pays State VR agencies for the cost of the services they provide to Disability Insurance (DI) or disabled Supplemental Security Income (SSI) beneficiaries if they meet certain conditions. For example, the services must have contributed to the person achieving work at the substantial gainful activity level for a period of 9 continuous months, and there must be estimated savings to the trust or general funds from the person's reduced reliance on program benefits.

Findings

Overall, the VR services provided to the beneficiaries we reviewed were cost-effective. The Agency saved more funds when beneficiaries returned to work after they received VR services than it paid for those services.

However, of the 33,006 beneficiaries reviewed, 17,431 incurred more costs for the VR services than savings realized for forgone benefits because of work. We could not identify any savings for 6,894 of the 17,431 beneficiaries after they exited the VR programs. SSA reimbursed State VR agencies for the services provided to these beneficiaries even though they did not achieve savings.

We asked SSA what steps it took to help ensure beneficiaries work after exiting VR programs. SSA reported that it encourages VR agencies to refer successful clients to Employment Networks or other community rehabilitation providers so they can continue to receive post-employment support services. SSA also reported that its Ticket to Work Program Manager contacts beneficiaries whose cases were successfully closed to make them aware of additional employment support. Neither SSA nor its Ticket to Work Program Manager contacted beneficiaries whose cases were closed as unsuccessful after they exited the VR program.

Finally, while we determined that, overall, all the States' VR programs were cost-effective, some States served beneficiaries more cost-effectively than others did.

Recommendations

We recommend SSA determine whether it should

1. revise how it determines whether VR services led to Social Security DI trust and/or the SSI general revenue fund savings before reimbursing VR costs and
2. develop a strategy to increase the cost-effectiveness of VR services.

The Agency agreed with our recommendations.