

**WRITTEN TESTIMONY  
Of The  
NATIONAL ASSOCIATION OF DISABILITY EXAMINERS**

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**Prepared For**

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***Hearing on  
Funding Social Security Administrative Costs:  
Will the Budget Meet the Mission?***

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Chairman Max Baucus and members of the Committee, my name is Chuck Schimmels and I represent the National Association of Disability Examiners (NADE). I have been a NADE member and worked for the state Disability Determination Services for 13 years. I am pleased to have the opportunity to submit this testimony to the committee.

NADE is a professional association whose purpose is to promote the art and science of disability evaluation. The majority of our members work in the state Disability Determination Service (DDS) agencies adjudicating claims for Social Security and/or Supplemental Security Income (SSI) disability benefits. In addition, our membership also includes SSA Central Office personnel, attorneys, physicians, and claimant advocates. It is the diversity of our membership, combined with our extensive program knowledge and “hands on” experience, which enables NADE to offer a perspective on disability issues that, is both unique and which reflects a programmatic realism.

NADE members – throughout the state DDSs, Regional Office(s), SSA Headquarters, OHA offices and the private sector - are deeply concerned about the integrity and efficiency of both the Social Security and the SSI disability programs. Simply stated, we believe that those who are entitled to disability benefits under the law should receive them; those who are not, should not. We also believe decisions should be reached in a timely, efficient and equitable manner. We believe this is part of the fundamental mission of SSA and the state DDSs – to provide the American public with compassionate and timely service. Unfortunately both SSA and the state DDSs are finding it increasingly more and more difficult to perform its mission given the significant funding reductions experienced by SSA and the DDSs over the past five years.

Along with the reductions in funding, SSA has been asked not only to manage an increasing workload with fewer staff but also to perform Congressional mandated

responsibilities outside of its core mission, such as supporting the Medicare prescription drug program and assisting with verifications of immigration status, with no additional resources or staffing. In the disability process, there has been a burgeoning growth of disability applications and growth in the number of individuals receiving disability benefits. The number of disabled workers drawing Social Security Disability Insurance has more than doubled since 1990 from 3 million to 6 ½ million, an increase of 117% and the number of disabled SSI beneficiaries has increased during this same time period by 66%. As baby-boomers age and more and more individuals retire or become disabled, this places a significant strain on already stressed resources just to manage the daily work involved with maintaining benefit levels of more beneficiaries. This poses significant challenges for both SSA and the DDSs as we try to manage this workload.

In addition, both SSA and state DDSs face a retirement wave of experienced staff and a tighter labor force that will make it more difficult and expensive to hire replacements – EVEN if full funding for replacing staff was available. The disability program has become increasingly more complex as new advances in medicine and treatment have allowed individuals with disabilities to live longer and more productive lives and it takes longer for new staff to learn all the complex rules and regulations to be able to process disability cases. The complexity of the program, the changing nature of the program and the sheer volume of claims, coupled with diminishing resources, has brought a significant amount of stress to an already over-burdened system.

## **Resources**

There is no doubt that backlogs in the disability program have increased. This is a direct result of the hard choices that needed to be made by SSA over the past few years to deal with the realities of inadequate budgeting and staffing. If SSA continues to be burdened with inadequate funding, the problem will only exacerbate the already over-strained system. Backlogs are a direct result of inadequate funding and staffing. SSA's administrative budget is only 2% of its overall program, a bargain compared to private industry or other governmental programs. Continuing to under fund SSA's and state DDSs' administrative costs will only increase the disability backlogs and timely service to the public will continue to deteriorate.

For the past five years, the SSA budget has not been what the previous Commissioner of Social Security or the President requested from Congress. The prior Commissioner reported to Congress several times that if the President's proposed budgets for SSA this past five years had been granted, SSA would have been able to eliminate its disability backlogs. The results of years of under-funding has been at the cost of service to the American public who suffer severe disabilities and have to wait long periods of time before their disability case can be processed.

The complexity of the Social Security Disability Program, coupled with the need to produce a huge volume of work, justifies even more the need for adequate resources in order to provide the service that the American public has come to expect and deserves from SSA. It takes at least two years for a disability examiner to be fully trained and function independently to make timely and high quality disability decisions. It is critical

the DDSs be provided with the resources needed to hire and train replacement staff immediately upon staff losses so that further delays in service do not result. Given the complexities of the program and the continuing changes in the nature of disease processes, new technologies and treatment, it is also critical that adequate resources be provided for on-going training to ensure that staffs maintain their highly developed disability evaluation skills to provide continuing quality service to the American public. Unfortunately, low salaries, hiring restrictions and the stress of the job contribute to high turn-over in some DDSs, with a loss of approximately 400 DDS employees nationally in FY 2007 alone and an average 12 percent examiner attrition rate over the years. Given the hiring restrictions and inadequate resources placed on the SSA and DDSs, it is amazing that the disability backlogs are not even higher than they are currently and that the number of claims processed has continued to increase despite inadequate funding and resources. NADE believes this is a positive testament to the dedication of its members to the American public and their pride in providing high quality service despite these hardships.

SSA over the past decade has attempted to redesign the disability claims process in an effort to create new processes that will result in more timely and consistent disability decisions. Results of numerous tests undertaken by SSA to improve the disability process have not produced the results expected. In fact the majority of them have only slowed the processing of claims while employees adjusted to the constant changes. The impact of these changes has also contributed to the inability to manage the high workloads experienced during this time and decreased efficiency of operations as DDSs have struggled to incorporate these changes into their daily case processing.

“Medical costs” is an important budget item unique to the DDS. It includes both Medical Evidence of Record (MER), which consist of reports from the claimant’s treating sources, and the cost of Consultative Examinations (CEs). The DDS arranges consultative examinations to obtain additional medical evidence required for adjudication. Medical costs can easily account for a quarter of a DDS’s operating budget.

The payment for MER varies from state to state but averages about \$15 for each report, which is significantly less than the amount paid by insurance companies and others in the private sector for the same service. Given the limited budget in recent years, most state DDSs have been unable to increase the fees. While the majority of doctors, hospitals and clinics are cooperative in providing their records, there are a growing number of sources who refuse to send a response for the fee paid by the DDS. This can result in the DDS not having access to a critical piece of medical evidence and may require that they obtain a more costly consultative examination.

Consultative Examination fees are also considerably lower than the fees paid by other disability benefits programs including workers compensation programs and private disability insurers. While the DDSs currently obtain a good standard examination from our CE sources, the exams are sometimes not thorough enough to fully document a hidden or unusual medical condition. The DDS also arranges for CEs conducted by the

treating physician, but most doctors decline the request because of the low fees paid by the DDS.

In the Institute of Medicine's December 2005 report entitled "Improving the Social Security Disability Process – Interim Report", it is recommended that "Reimbursement should be adequate to cover the full costs of consultative examination, which involves more than a standard examination, whether it is focused or comprehensive in scope. This will require a substantial increase in fees over the amounts currently paid in most states." Higher fees would likely increase the pool of medical sources willing to conduct CEs and would provide incentive for more attending physicians to be willing to perform consultative examinations. These improvements in the CE process would be expensive and impossible to implement, even in a limited fashion, with the current DDS budget.

Even if SSA receives the funding increase recommended by the President in Fiscal Year 2008, staffing will be cut due to increases in expenditures in several areas. Rent, salaries, medical evidence, security and benefit costs are totaling more than the annual appropriated funds.

## **Backlogs**

Addressing disability backlogs is a high priority for NADE. As baby boomers are increasingly filing for disability as they age, without sufficient funding and staff to process these workloads, backlogs will continue to increase. However, we think it is important to remember that while there are a large number of cases pending at some DDSs, the most significant delays in the process still occur at the Office of Disability Adjudication and Review (ODAR) where an average claim takes over 500 days, compared to the 84 day average at the DDS. These backlogs create pressure to adjudicate claims quickly without being able to fully develop and give proper attention to analyzing and explaining the disability decisions due to the pressures of dealing with high caseloads and limited resources for processing them. This can often lead to less careful case adjudications. One incorrect allowance can represent a quarter of a million dollars in SSA/Medicare benefits. Delays in case processing make claims more expensive to process, as resources are devoted to dealing with the management of the backlogs instead of working the cases. This results in increased administrative costs over the long run as increasing numbers of staff will be required to manage larger and larger backlogs.

NADE agrees that many people suffer needlessly as a result of these types of backlogs and that individual conditions can worsen or lead to death during waiting time. It is critical that adequate resources be provided to all levels of SSA involved with disability case processing.

As a result of the reduced SSA budgets over the last few years, SSA mandated that initial level disability claims be given top priority. This necessitated other claims, such as reconsiderations and continuing disability reviews (CDRs), not receiving the attention they deserved and resulted in backlogs of these claims at the DDSs. However, it should also be noted that while the DDS's have already disposed over 2 million claims in the FY

2007, the overall receipts have increased and the backlogs have grown by an additional 26,000 cases at the DDS's.

NADE strongly believes that the Single Decision Maker (SDM) process which currently exists in ten states can help to alleviate some of the backlogs at the initial level of case processing. This was the one successful piece of SSA's redesign efforts and it has proven to be one of the most efficient and cost-effective ones. The SDM process has proven to be successful in producing high quality decisions and a time saver when processing claims. NADE believes that SSA should expand the SDM initiative to all states to not only reduce initial case backlogs, but to lower processing times at the initial level.

### **Continuing Disability Reviews (CDRs)**

Limited resources have forced SSA to reduce the number of CDRs performed. Of utmost concern to NADE is the past history of these types of actions and the resultant negative impact as the agency falls behind in these critical reviews. When we experienced a backlog of CDRs previously, it took a great deal of effort by all components of SSA to reach a point where CDR reviews were being conducted as scheduled. It took a significant number of years of dedicated funding solely for the purpose of conducting CDRs before SSA was current with CDR reviews. With decreasing the number of CDR reviews done in the past few years, there is now a real danger that we will once again find ourselves in the position of having backlogs of overdue CDRs.

While there are some increased administrative costs with the performance of CDRs, there is a potential for significant savings in program costs. If a beneficiary is found to no longer be eligible for disability benefits, the estimate is that over \$10 of program funds is saved for every \$1 spent in administrative costs on conducting CDRs. While NADE agrees that it was necessary to decrease the number of CDRs done over the last couple of years given the current budget situation, this decision has repeatedly been described by many, including the former SSA commissioner, as "penny-wise and pound-foolish". We agree.

It is essential to program integrity that CDR reviews be conducted in a timely manner to ensure that only those who continue to be eligible are receiving disability benefits. NADE's experience has been that the only way to ensure that this happens and that the necessary funds for CDRs don't get transferred to process other SSA workloads is for Congress to provide "dedicated funding" for CDRs. Dedicated funding has shown to be the best means of staying current with the CDR workload. The projected cost savings from dedicated CDR funding from FY 2003 to FY 2006 would be \$1.8 billion over 10 years. NADE encourages this committee to recommend appropriating dedicated funding for CDRs to ensure that this workload gets the attention it deserves.

### **Electronic Disability Process (eDib)**

eDib is still a work in progress and requires ongoing refinements, upgrades and improvements frequently in order to make the system work as efficiently and effectively as possible. The impact on the electronic system as a whole when these changes are made

is unpredictable, and currently results in case processing systems slowness or inability to work at all.

Since Disability Determination Services (DDSs) process over 2.5 million cases on an annual basis, any shut down or slow down of the case processing system equates to a significant loss of production capacity.

Continued attention to eDib is needed to insure that the proper financial support is given to make it successful. NADE believes that eDib at its full implementation may result in a significant reduction in processing time at all levels of adjudication, from the Field Office to the DDS to ODAR and above. Careful and deliberate efforts to ensure the system is operating at full functionality and as efficiently as possible in addition to full funding for necessary changes is critical to ensuring that the anticipated savings in cost and time of a fully electronic case process are realized.

### **Summary**

- Inadequate resources along with increased workloads has not only caused backlogs, but has allowed existing backlogs to increase
- Disability backlogs are affected by inexperienced staff, hiring restrictions, and implementation of constant program changes
- Dedicated funding is necessary in order to avoid the costly possibility of having a backlog of overdue CDRs.
- Resources should not be diverted from eDib to implement disability service improvement changes until the eDib system is fully operational. It is critical that necessary refinements be made to the system in order for it to produce the anticipated and desired efficiencies.

### **Conclusion**

NADE believes that the American public wants and deserves to receive timely, compassionate and efficient service from SSA and the state DDSs. Therefore, we request that you approve at least the amount included in the FY 2008 House Budget Resolution, to begin the process of restoring the levels of service that the public deserves from all components of SSA and the state DDSs.

On behalf of the members NADE, I thank you again for the opportunity to submit this testimony to the committee.

### **Chuck Schimmels**

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