

Statement of

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Mr. Chairman and Members of the Committee:

Thank you for the opportunity to share our plans to reduce the backlog of disability claims.

As you are well aware, a major challenge that faces our agency is the disability determination process for the Disability Insurance and Supplemental Security Income programs.

For more than half of a century, Social Security has helped disabled workers and their families cope with the loss of income due to a severe disability. Unfortunately, many of today's applicants face an uphill battle simply to get a hearing before an Administrative Law Judge (ALJ). For some, the long wait for their day in court leads to homelessness and the loss of family and friends. Sadly, people have died waiting for a hearing.

As you know, our disability programs have grown significantly over the last five years and will continue to do so at an increasing rate as aging baby boomers reach their most disability-prone years. At the same time, Congress has added new and non-traditional workloads to SSA's responsibilities while appropriating on average about \$150 million less each year than the President has requested since 2001. As a result, the agency is struggling to balance its new responsibilities and its traditional work within tight resource constraints.

So it should be no surprise that the problems associated with the disability determination process are also stressing our network of field offices. Increasingly crowded waiting rooms, loss of staff and unaddressed workloads are a direct result of the growing backlogs. This situation is unacceptable.

When I appeared before you at my confirmation hearing, I promised to report back to you with my recommendations for reducing these backlogs and prevent them from recurring. Today, I want to make an initial report on our first 100 days. Our disability backlogs are a problem that I am determined to overcome. Many of you are aware that my interest in becoming Commissioner was driven by both

personal and professional interests. I handled my father's disability application when, at age 52, he suffered a severe cerebral brain hemorrhage caused by a rare form of brain cancer.

We are overdue for a change. The length of time many people wait for their final disability decision is unacceptable. I am committed to a process that is as fair and speedy as possible. Today, I want to share with you a number of important steps we have taken, will take, or are contemplating taking in the near future to better manage our workloads.

There are four areas which I believe hold the most promise to eliminate the hearings backlogs: compassionate allowances; improving hearing procedures; increasing adjudicatory capacity; and increasing efficiency with automation and business processes.

Despite the fact that our ALJs are achieving a record high productivity rate, backlogs continue to grow. The current number of cases waiting for a hearing decision is about 738,000, leading to average waiting times of 505 days, the highest ever in SSA history. Pending hearings have doubled since 2001. In addition, the number of applications for disability benefits has been extraordinarily high throughout the first seven years of this decade, and, as mentioned earlier, funding has not kept up.

To provide more context, Congressional budget reductions below the President's request from 2002 through 2007 are equivalent to processing an additional 177,000 initial claims and an additional 454,000 hearings. I want to thank you for the funding included in the FY 2007 annual appropriation. Although attrition continues to reduce staffing levels, those funds allowed us to avert employee furloughs and hire a limited number of staff in critical areas. We thank the Members of this committee for the support you gave us in obtaining these funds, and we very much need you to continue your advocacy effort on our behalf.

The success of the initiatives that I share with you today depends on timely and adequate agency funding. Properly funded, these initiatives will reduce the amount of time members of the public wait for a hearing decision and will lead to a reduction in the number of cases pending in our offices.

Compassionate Allowances

Attached to this testimony is additional information about our proposals to reduce the hearings backlogs and address the shortfalls of the disability determination process. We believe that these initiatives will have a significant impact on reducing backlogs.

One way to reduce the number of cases in the determination process is to use automation tools to screen cases. We have seen the success of the Quick

Disability Determination (QDD) model currently in use in New England. This computer model identifies cases that are most likely to be allowed. To date, the New England states have decided 97% of these cases within the required 21 days and they have an average decision time of 11 days. About 85% of these cases have been allowed during the initial review, and more have been allowed with additional documentation. We plan to build on the success of the QDD because it is both efficient and compassionate for us to do so. To date, the majority of QDD cases are cancer cases because the model does not yet cull a wide enough variety of diseases. Currently, QDD cases constitute only 2.6% of our cases but we are committed to pushing the number of cases that can be decided through the model as high as we can possibly go while maintaining accuracy.

An added difficulty is that our examiners are working with outdated medical listings and poorly defined categories of disabilities. Many cases that should be resolved quickly are not being determined in a timely manner because many of our listings are outdated. To help us with this initiative, Secretary Leavitt has generously offered the assistance of the Department of Health and Human Services on a taskforce to jumpstart our effort to refine and update our rules.

Other course corrections at SSA include reorganizing the Office of Disability and Income Support Programs to better align our organizational structure with our mission of dedicated service to Americans with disabilities. We have already received helpful advice from the Office of Inspector General, which at my request, has completed a first draft of an organizational audit.

In addition, we found that two of the new electronic systems developed for Disability Determination Services (DDS) as part of the Disability Service Improvement initiative were not ready for real-world use, and were in fact causing considerable delays in processing caseloads. While one of these systems may have potential over the long term, they both have been pulled. We are instead focusing on refining our two primary systems that will make us fully electronic. To accomplish that goal, we have used an additional \$25 million from our technology reserve fund.

Improve Hearing Procedures

We have already begun to attack the problem of aged cases starting with the cases that are or will be 1,000 days old as of September 30, 2007. I consider this initiative to be a moral imperative. An applicant should not have to wait three or four years for his or her day in court. We have established a goal of reducing these cases to a negligible level by the end of this fiscal year, and I am pleased to report that the number has already dropped from more than 63,000 on October 1 of last year to about 14,000 as of last week. We have made this progress by reallocating resources and redefining the metrics by which we measure success.

We are also studying the experiment of 1995-2000 that authorized Senior Attorney Advisors to issue fully favorable decisions. The Social Security Advisory Board has recommended this program. We will evaluate the lessons from this experiment for similar approaches we could adopt now to improve the disability determination process.

Increase Adjudicatory Capacity

Hiring additional ALJs is an essential element in a successful plan for reducing the backlog. Further improvements are expected from our plans to increase efficiency of support staff. Before a hearing can be held, there is a large amount of work that must be done to prepare the case to be reviewed. With advances in technology and improved management, there are a number of ways to increase the efficiency of this behind-the-scenes work, and we will pursue them all.

As an interim measure, we will streamline the folder assembly portion of case preparation to limit file assembly to a cover sheet and numbering pages sequentially. Streamlining the assembly will have an even greater impact as we add the software needed to automate this function.

In addition, we will send volunteers from our field offices to hearing offices with the largest backlogs to help assemble the remaining 220,000 paper files. We plan to dedicate 5,000 hours of overtime per month to this effort, which will probably continue through next year. To a large extent, the cases pending the longest at the hearing level are paper files. When these cases are finally adjudicated, they will be replaced by the electronic files which will require less time and effort to prepare. By streamlining the file assembly process and making additional staff available to prepare cases, ALJs can schedule as many hearings as possible.

We have also decided to mandate the use of the Findings Integrated Template, or FIT. This tool is now being voluntarily used by about 80% of our judges. It is an abbreviated decision format that captures all of the key elements required for a defensible opinion. Those judges who use FIT have a lower rate of remands from the Appeals Council which saves us time and money.

In addition, we will screen our oldest cases using profiles developed by the Office of Quality Performance to identify cases where there may be a high probability that an allowance can be issued on the record without a hearing. During my visits to hearing offices in Atlanta and Boston, many employees expressed their belief that cases that were initially denied because an applicant did not meet the durational definition of a disability could, at this stage in the process, now meet the time requirements associated with our programs. If true, we could make a significant impact on our backlog. This screening initiative will begin next month.

We are also planning on capitalizing on the flexibility now available to us with electronic disability folders and other technologies. Assigning our ALJs to 141 offices nationwide does not give us enough flexibility to address the worst backlogs. Video hearings have successfully addressed backlogs on an ad hoc basis, and we feel that reserving a percentage of ALJs in a central office solely to do electronic hearings for the most backlogged offices is a better and smarter way to use a very expensive resource.

Increase Efficiency through Automation and Improved Business Processes

We know that technology is instrumental in improving performance.

At the hearing level, we need the ability to sign decisions electronically. Currently, decisions are printed, signed and then scanned into the electronic folder. By implementing electronic signature capacity, the adjudicator will be able to complete the decision-making process electronically, thus sending the signed decision directly to the folder with a click of a mouse.

In addition, we need shared access to the electronic folder. Currently, cases cannot be transferred from office to office in an electronic format. We are forced to print and mail cases that are remanded or are shared with another office. For example, if a hearing office seeks assistance from another office for case preparation or drafting decisions, the electronic folder must be converted to a paper folder. If a hearing office remands a case to the DDS, the electronic folder must be converted to paper before it is returned to the hearing office. This is a waste of time, energy and resources. It also undermines the premise behind going electronic. Our Office of Systems is working on fixing this issue.

To help us reduce ALJ travel time and costs, we are installing all hearing rooms with video equipment to enable us to increase the number of hearings; an initiative which will particularly benefit rural areas.

We are also excited about the long-term potential of a new automation tool called ePulling. This program will support preparation of electronic cases for hearing. Case preparation has three components: file development, file analysis, and file assembly. ePulling will reduce the amount of time it takes to assemble folders and will allow the staff to devote more time to file analysis and development. ePulling will identify potential duplicate documents, classify documents by type of evidence and date, sequentially numbered pages, and create exhibit lists. Implementation of ePulling is projected to begin with a pilot next spring.

Our progress in working down our aged cases is an example of successfully improving our business processes. Other initiatives in this area include, but are not limited to:

- Direct Appeals Council to issue final decisions when possible to reduce remands;
- Be more proactive in investigating alleged ALJ misconduct complaints;
- Improve management training;
- Encourage greater cooperation between Hearing Offices, Field Offices and Area Directors;
- Standardize the electronic folder in hearing offices; and
- Implement a quality assurance program.

Conclusion

Mr. Chairman, when it comes to disability backlogs, there is no single magic bullet. Our goal is to slow the growth of cases pending until we reach a tipping point next year with the addition of a substantial number of ALJs who can begin to help us drive the backlog down. With better systems, better business processes, and better ways of fast-tracking targeted cases, we hope to return to the more manageable levels we experienced at the beginning of this decade. This task won't be easy, and it won't be possible at all without your continued support for adequate funding for this effort.

Thank you again for your past support, and I'd be happy to answer any questions you may have.