



SOCIAL SECURITY

MEMORANDUM

Date: November 18, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: Impact of State Budget Issues on the Social Security Administration's Disability Programs (A-01-10-11006)

The attached final quick response evaluation presents the results of our review. Our objective was to assess the impact of State budget issues on the Social Security Administration's disability programs.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr." with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Attachment

QUICK RESPONSE EVALUATION



Impact of State Budget Issues on the Social Security Administration's Disability Programs A-01-10-11006



November 2009

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.**

Vision

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.

OBJECTIVE

Our objective was to assess the impact of State budget issues on the Social Security Administration's (SSA) disability programs.

BACKGROUND

SSA provides Disability Insurance (DI) and Supplemental Security Income (SSI) payments to eligible individuals under Titles II and XVI of the *Social Security Act*.¹ To receive benefits under either program, an individual must file an application with SSA. Once an application is filed, an SSA field office determines whether the individual meets the non-disability criteria for benefits.² If so, the field office generally forwards the claim to the disability determination services (DDS) in the State or other office with jurisdiction for a disability determination.³ DDSs are in each of the 50 States plus the District of Columbia and Puerto Rico.

SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization. The expenditures include both costs directly related to claims processing (such as disability adjudicators' salaries) and indirect costs. (See Appendix B for additional information about DDS funding.)

Federal regulations state, "Subject to appropriate Federal funding, the State will, to the best of its ability, facilitate the processing of disability claims by avoiding personnel freezes, restrictions against overtime work, or curtailment of facilities or activities."⁴

However, to address budget deficits, some States have instituted, or are considering, furloughs for State employees—including staff at the DDSs, which are fully funded by SSA. Additionally, some States have implemented other measures, such as changes in hiring procedures, that may affect disability claims processing in the DDSs.

¹ The *Social Security Act* §§ 201 *et seq.* and 1601 *et seq.*, 42 U.S.C. §§ 401 *et seq.* and 1381 *et seq.*

² For DI benefits, the non-disability criteria include such factors as sufficient earnings. 20 C.F.R. §§ 404.130 through 404.133 and 20 C.F.R. § 404.315. For SSI payments, the non-disability criteria include such factors as citizenship, low income and resources. 20 C.F.R. § 416.202 and 20 C.F.R. §§ 416.1100 through 416.1266.

³ At the DDS, a disability examiner, using SSA's regulations, policies, and procedures, obtains the relevant medical evidence and then, working with a physician and/or a psychologist, evaluates the case and determines whether the claimant is disabled under the Agency's criteria. The *Social Security Act* §§ 221 (a)(1) and 1633 (a), 42 U.S.C. §§ 421 (a)(1) and 1383b(a). (See also) 20 C.F.R. §§ 404.1601 *et seq.* and 416.1001 *et seq.*

⁴ 20 C.F.R. §§ 404.1621(d) and 416.1021(d).

Some States have taken other measures to balance budgets that may impact individuals already receiving DI and/or SSI. For example, some States reduced the amount of the SSI State Supplemental Payments to recipients and restricted the availability of free or low-cost health care.

To perform this review, we gathered and reviewed data related to workloads in Fiscal Years (FY) 2009 and 2010; contacted SSA officials and staff to obtain information on the Agency's disability programs and the effects of State budget cuts; calculated the monetary impact of States that were furloughing all DDS employees and savings in States that were not furloughing DDS employees as a result of SSA's efforts; and researched the impact of State budgetary issues on DI beneficiaries and SSI recipients. (See Appendix C for additional information about our scope and methodology.)

The results presented in this report are a snapshot of what was happening with State budgets between August and November 2009 and the impact on SSA's disability programs and current beneficiaries. If the current nationwide economic crisis continues, more States may impose furloughs and/or hiring freezes and continue to make cuts in services until their State economies improve.

Results of Review

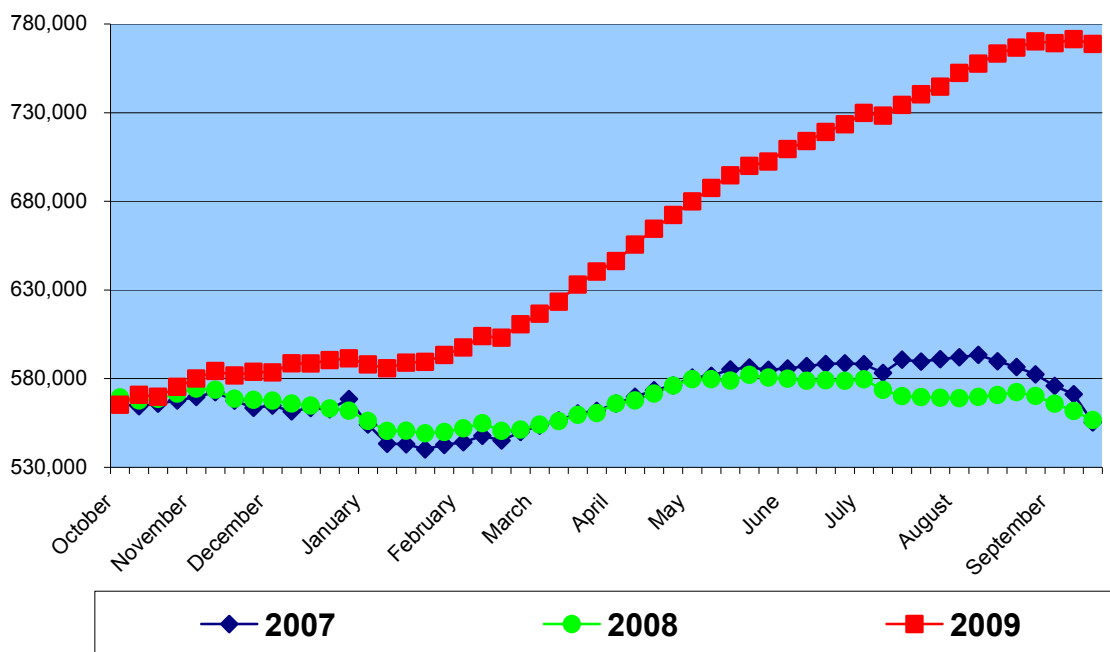
State budget issues have affected SSA's disability programs. At the same time that SSA has experienced a surge in new disability claims, State furloughs have affected the Agency's ability to process claims—even though it has taken measures to address these issues. Additionally, State budget cuts have affected disability beneficiaries and recipients.

In the States furloughing *all* DDS employees, the DDSs will encounter a shortfall of capacity up to 14 percent because of furlough days. As a result of furloughs, we expect approximately 69,000 disability cases to be delayed in processing over the next 12 months. This wait will result in about \$126.2 million in benefit payments being delayed to newly disabled claimants and from flowing into the economies of these States.

INCREASED INITIAL DISABILITY CLAIMS APPLICATIONS

In late FY 2008, SSA began experiencing a significant increase in initial disability claim applications due to the deteriorating economy. The rate of increased applications continued to grow through FY 2009—totaling about 15 percent above the previous year. Although the Agency has been able to process almost 8 percent more initial claims than last year, this growth in new claims has outpaced the DDS' ability to keep up with the new workload. By the end of FY 2009, the number of initial cases pending in the DDSs had grown to almost 770,000—about 38 percent higher than at the end of FY 2008.

DDS Initial Claims Pending FYs 2007-2009



The *American Recovery and Reinvestment Act of 2009* (ARRA) provided SSA with \$500 million to help address the increasing disability and retirement workloads caused by the combination of the economic downturn and the leading edge of the baby boomer retirement wave.⁵

ARRA funding enabled the Agency to put new front-line hires in place to address the growing critical workloads. By the end of FY 2009, the States—working with SSA—used ARRA funding to hire 300 new employees in the DDSs.⁶

In addition to using ARRA funding for new hires, SSA included in its FY 2010 budget proposal strategies for dealing with the increasing initial disability claims workloads, such as:

- Increasing capacity in the State DDSs and Federal Disability Processing Units. The Agency hired additional staff in most DDSs and Federal units. Additionally, SSA established Extended Service Teams in the Arkansas, Mississippi, Oklahoma, and Virginia DDSs. These specialized units, although housed in these four States, have been dedicated to assisting other States in processing disability claims.
- Expanding the use of automated screening tools to identify and help triage likely allowances.

The Agency has also developed a number of initiatives to expedite its disability claims process, including the following.

- Plan to Eliminate the Hearing Backlog and Prevent Its Recurrence
- Quick Disability Determinations
- Compassionate Allowances
- Terminal Illness Cases
- Military Service Casualty Cases
- Presumptive Disability and Blindness Cases
- Health Information Technology

See Appendix D for more information on these initiatives.

⁵ Pub. L. No. 111-5, Title VIII. (See also) *The Social Security Administration (SSA) Agency-wide Recovery Act Plan*, found at http://ssa.gov/recovery/Report_Plan/AgencyWideRecoveryActPlan.pdf.

⁶ We recently conducted a review related to DDS hiring using ARRA funds: *The Recovery Act and the Hiring of Disability Determination Staff* (A-07-09-29156).

FURLOUGHS

In FY 2009, SSA spent about \$2 billion funding DDS operations for more than 14,000 DDS employees who processed almost 3.9 million disability claims nationwide. (See Table E-4 in Appendix E for a breakout by DDS.) Further, the Agency plans to spend more than \$2 billion in FY 2010 on DDS operations and expects the DDSs to process almost 4 million claims. However, State furloughs have had an effect on SSA's ability to process disability claims.

As shown in Table 1, nine States implemented or were considering furloughs for all DDS employees, and three States implemented furloughs for some DDS employees.⁷ (See Appendix F for details on the furlough status for all 52 DDSs.)

| Table 1: DDS Furloughs Implemented or Being Considered as of November 2009 | | |
|--|--------------------------------|---|
| DDS | Number of Furlough Days per FY | Notes ⁸ |
| California | 36 | Applies to all employees through June 2010. |
| Connecticut | 3 | Applies to all employees for FY 2010. |
| Hawaii | 18 to 24 | Applies to all employees in FYs 2010 and 2011. |
| Maine | 10 | Applies to FYs 2010 and 2011. Some staff exempted. |
| Massachusetts | 3 to 9 | Applies to managers for FY 2010, with number of days depending on salary. Other staff exempt from furlough. |
| Nevada | 12 | Applies to FYs 2010 and 2011. Adjudicative staff— <i>examiners, medical consultants, unit supervisors, and call center staff</i> —exempt from the furlough. |
| New Jersey | 10 | Applies to all employees through June 2010. |
| Ohio | 10 | Applies to all employees for FYs 2010 and 2011. |
| Oregon | 6 to 7 | Applies to all employees in FYs 2010 and 2011. Includes DDS shutdown days and furlough days based on salary. |
| Rhode Island | 12 | Applies to all employees through June 2010. |
| Virginia | 1 | Applies to all employees on May 28, 2010. |
| Wisconsin | 8 | Applies to all employees for FYs 2010 and 2011. |

⁷ As we stated in our March 2009 report, *Impact of State Employee Furloughs on the Social Security Administration's Disability Programs (A-01-09-29137)*, Maryland furloughed DDS employees January through June 2009. Although Maryland DDS employees were not subject to furloughs as of November 2009, they were subject to pay reductions.

⁸ Although the Federal FY runs October 1 through September 30, most State FYs run July 1 through June 30. For the purposes of our report and our calculations of delayed benefits, we assumed the current State furloughs would continue throughout Federal FY 2010.

Dollar Impact on the Economy

In FY 2008:

- SSA issued over \$142 billion in DI and SSI payments to more than 14 million individuals. Most of these beneficiaries were found disabled by the DDSs.
- DDSs handled over 3.6 million claims. The DDSs allowed 36 percent of claims at the initial level and 13.8 percent of claims at the reconsideration level of appeal.
- DDSs processed initial DI and SSI claims in 81 days, on average.

In FY 2009:

- DDSs received almost 15 percent more initial claims than in FY 2008.
- DDSs processed almost 3.9 million claims—including almost 2.8 million initial disability claims. The DDSs allowed 36.9 percent of claims at the initial level and 13.8 percent of claims at the reconsideration level of appeal.
- DDSs processed initial DI claims in 80 days, on average, and SSI claims in 83 days, on average.

(See Tables E-3 and E-4 in Appendix E for statistics and costs by DDS for FYs 2008 and 2009.)

Furloughs will impact the number of disability determinations some DDSs will make in FY 2010, including the number of claims allowed. In the nine States furloughing or considering furloughing all DDS employees in FY 2010, the DDSs will encounter a shortfall of capacity up to 14 percent due to furlough days. As a result, we expect approximately 69,000 disability cases to be delayed in processing over the next 12 months. This wait will result in about \$126.2 million in benefits that will not be paid to disabled beneficiaries during this period that would have been paid had the furloughs not occurred. Additionally, these States will lose over \$39 million in administrative funding from SSA because these employees will be furloughed.

Furloughs will also impact the Agency's initiatives to expedite its disability claims process and the number of continuing disability reviews conducted.⁹

⁹ SSA conducts periodic continuing disability reviews to ensure that only those beneficiaries who remain disabled continue to receive benefits.

OTHER STATE BUDGET ISSUES AFFECTING DISABILITY CLAIMS PROCESSING

In addition to furloughs, other issues, such as attrition rates and State budgets, will impact the DDS' ability to process workloads. As of October 2009, most DDSs were not subject to hiring freezes, because either the States did not have hiring freezes or the DDSs were exempt.¹⁰

Attrition Rate

The national attrition rate for DDS disability examiners was 12.5 percent in FY 2008 and 12.2 percent in FY 2009.¹¹ (See Table E-6 in Appendix E for attrition rates by DDS.) The attrition rate has remained steady at the national level and has declined in over 30 DDSs. However, some DDSs have experienced a significant rise in the attrition rate—partly due to State budget and pay issues. In Connecticut, for example, the examiner attrition rate rose from 4.9 percent in FY 2008 to 23.6 percent in FY 2009. Similarly, the examiner attrition rate in Kansas rose from 12 to 26.2 percent, and the rate in New Mexico rose from 3.5 to 22.3 percent. These issues may become more of an obstacle to SSA's processing disability workloads if furloughs and other State budget issues continue.

Other State Budget Issues

In several States, salaries were frozen or pay reductions were imposed. Furthermore, in some States, DDS hiring approval was more difficult to obtain or hiring was on hold because of potential layoffs in other agencies.¹²

For example, in Delaware, the State reduced employees' pay by 2.5 percent in FY 2010, while increasing employees' health insurance premium payments by 2 percent. (See Appendix G for additional details regarding State budget issues.)

SSA's Efforts to Lessen the Impact of Furloughs

The *Social Security Act* and Federal regulations give the Agency limited control over how the States set up and administer their DDSs, even though they are fully federally funded. SSA is involved in the States' ongoing program management only as necessary and in accordance with regulations.¹³

¹⁰ In States with hiring freezes, some DDSs were given blanket exemptions to the freeze, while other DDSs have been allowed to hire on a case-by-case basis.

¹¹ The attrition rate for all DDS staff was 10.5 percent in FY 2008 and 9.2 percent in FY 2009.

¹² Some DDSs will have to give qualified laid off clerical employees in other agencies priority consideration for positions in the DDS.

¹³ The *Social Security Act* § 221, 42 U.S.C. § 421. (See also) 20 C.F.R. §§ 404.1603 and 416.1003. SSA published these regulations in May 1981 and revised them in September 2007 to incorporate the Quick Disability Determination process.

However, SSA has been proactive in addressing the impact of furloughs. Since December 2008, the Commissioner has contacted all the State governors and some State legislators about the SSA/DDS, Federal/State relationship and the impact of furloughs. Additionally, in July 2009, the Vice President wrote the Chair of the National Governors Association urging States to exempt DDS employees from furloughs and hiring freezes.

Furthermore, in October 2009, SSA filed a Statement of Interest with a California Superior Court that furloughs of DDS employees were inconsistent with the State's obligations and responsibilities under the *Social Security Act*. Specifically, regulations obligate California to provide adequate facilities and qualified personnel to carry out the disability determination function and, ". . . to the best of its ability, facilitate the processing of disability claims by avoiding personnel freezes, restrictions against overtime work, or curtailment of facilities or activities."¹⁴

Because of the Agency's efforts, Colorado and Maryland have fully exempted the DDSs from furloughs and Illinois, Maine, Massachusetts, and Nevada have partially exempted the DDSs from furloughs. Because of the Agency's efforts, we estimate approximately 13,000 disability cases will be processed that would have been delayed. These individuals will receive about \$24.4 million in benefits that would otherwise be delayed.¹⁵ Additionally, these States will receive almost \$6.7 million in administrative funding that SSA would not have paid if these DDS employees were furloughed (see Table C-3 in Appendix C).

Additionally, several States either fully exempted or exempted on a case-by-case basis, the DDSs from hiring restrictions, including Arizona, California, Colorado, Connecticut, Delaware, Idaho, Iowa, Maine, Nevada, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Puerto Rico, South Dakota, Tennessee, Virginia, Washington, West Virginia, and Wyoming.

Finally, SSA has worked with the States to coordinate transfer of some cases between States and to the Federal Disability Processing Branches and Units. These Units recently hired 192 new staff (mostly adjudicators), and the Agency planned to rely on them to help process cases.

Even though SSA has had some success in lessening the impact of State furloughs, these actions—along with a significant increase in new disability claims—have affected the Agency's ability to keep up with the initial claims workloads.

¹⁴ The Statement of Interest filed was with the lawsuit *Union of American Physicians and Dentists v. Arnold Schwarzenegger*, Governor of California.

¹⁵ The calculation of savings from furlough exemptions includes States with partial furloughs.

STATE BUDGET ISSUES AFFECTING CURRENT DISABILITY BENEFICIARIES AND RECIPIENTS

Because of budget shortfalls, some States have made budget cuts that have affected disability beneficiaries and SSI recipients. For example, some States reduced SSI State Supplemental Payments (SSP) and restricted eligibility for other programs, including health care coverage. (See Appendix H for a list of State Websites providing additional budget information.)

Reduced SSPs

The SSI program was designed as a nationwide, Federal cash assistance program administered by SSA to provide a minimum level of income to financially needy individuals who are aged, blind, or disabled.¹⁶ Recognizing that there were variations in living costs across the nation, many States built on the Federal program by supplementing the SSI payment. However, because of budget issues, some States have reduced, or are considering reducing, their SSP.

For example, in 2009, California reduced its SSP between 11 and 25 percent, depending on the recipient's living arrangements.¹⁷ The State plans to reduce its SSP rates again in November 2009. As a result of decreases in the SSPs, an estimated 20,000 individuals lost their eligibility for Medicaid (known as Medi-Cal in California) in May 2009. An additional 12,000 lost their Medi-Cal eligibility in July 2009.¹⁸

Other State Budget Cuts Affecting the Disabled or Elderly

According to the Center on Budget and Policy Priorities,¹⁹ at least 27 States have implemented cuts in public health programs—such as Medicaid or the Children's Health Insurance Program—that will restrict low-income children's or families' eligibility for health insurance or reduce their access to health care services. Additionally, at least 24 States and the District of Columbia are cutting medical, rehabilitative, home care, or other services needed by low-income individuals who are elderly or have disabilities, or they are significantly increasing the costs of these services.²⁰ The National Conference

¹⁶ The *Social Security Act* § 1601 *et seq.*, 42 U.S.C. § 1381 *et seq.*

¹⁷ Rhode Island also decreased its SSP effective January 2009 by the amount of the Federal cost of living increase so there was no net gain for recipients.

¹⁸ As a result of a California State court ruling, Medi-Cal beneficiaries losing SSP based on Medi-Cal eligibility cannot have their Medi-Cal benefits automatically discontinued. These cases must be reviewed and evaluated for eligibility in other Medi-Cal programs. The only exceptions to the court ruling were those individuals who lose Medi-Cal eligibility due to death or incarceration.

¹⁹ The Center on Budget and Policy Priorities is a non-partisan, nonprofit research organization that works at the federal and state levels on budget priorities, tax policy, and public programs and policies that affect low-income and moderate-income families and individuals.

²⁰ Center on Budget and Policy Priorities, *an Update on State Budget Cuts*, September 3, 2009.

of State Legislatures also compiled a list of measures, both proposed and enacted, that States took or were considering about health care to close their budget gaps²¹ (see Appendix I).

Although SSA does not administer health care benefits, its field offices often receive questions about these issues from current beneficiaries. For example, Tennessee field offices received numerous calls and congressional inquiries when the State changed its Medicaid program. Additionally, California field offices and teleservice centers have been adversely affected by numerous calls regarding SSP reductions and changes in Medi-Cal.

SSA's Regional Commissioners and their staffs assisted us in gathering information about State budget cuts and the effect on disabled beneficiaries and recipients in their States (see Appendix J).

²¹ National Conference of State Legislatures, *FY 2010 Actions and Proposals to Balance the Budget: Health Care*, found at <http://www.ncsl.org/?tabid=17245>.

Matters for Consideration

State budget issues have affected SSA's disability programs. At the same time that SSA has experienced a surge in new disability claims, State furloughs have affected the Agency's ability to process disability claims—even though it took measures to address these issues. As a result of furloughs, we expect approximately 69,000 disability cases to be delayed in processing over the next 12 months. This wait will result in about \$126.2 million in benefits that will not be paid to disabled beneficiaries during this period that would have been paid if the furloughs did not occur. Additionally, State budget cuts have affected disability beneficiaries and recipients.

The *Social Security Act* and Federal regulations give the Agency limited control over how the States set up and administer the DDSs, even though they are fully federally funded. However, SSA has been proactive in addressing the effect of furloughs, and some States have responded to the Agency's efforts to exempt the DDSs from furloughs and hiring freezes.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Disability Determination Services Funding

APPENDIX C – Scope and Methodology

APPENDIX D – The Social Security Administration’s Initiatives to Expedite the Disability Claims Process

APPENDIX E – Disability Statistics by Jurisdiction

APPENDIX F – Furlough and Hiring Freeze Status by Disability Determination Services

APPENDIX G – Other State Budget Issues Affecting Disability Determination Services and Disability Claims Processing

APPENDIX H – Budget Website Information by State

APPENDIX I – Cuts to Programs for Public Health and the Elderly and Disabled

APPENDIX J – Other State Budget Issues Affecting Disability Beneficiaries and Recipients

APPENDIX K – OIG Contacts and Staff Acknowledgments

Acronyms

| | |
|-------------|---|
| ARRA | <i>American Recovery and Reinvestment Act of 2009</i> |
| C.F.R. | Code of Federal Regulations |
| CHIP | Children’s Health Insurance Program |
| DDS | Disability Determination Services |
| DI | Disability Insurance |
| FY | Fiscal Year |
| MEGAHIT | Medical Evidence Gathering and Analysis through Health Information Technology |
| OMB | Office of Management and Budget |
| POMS | Program Operations Manual System |
| Pub. L. No. | Public Law Number |
| SSA | Social Security Administration |
| SSI | Supplemental Security Income |
| SSP | State Supplement Payment |
| U. S. C. | United States Code |

Disability Determination Services Funding

The Social Security Administration (SSA) implements policies for the development of disability claims under the Disability Insurance (DI) and Supplemental Security Income (SSI) programs. The DI program provides benefits to wage earners and their families in the event of disability. The SSI program provides benefits to financially needy individuals who are aged, blind, or disabled. Additionally, States have the option of supplementing their residents' SSI payments and may choose to have the additional payments administered by SSA.

Disability determinations under both the DI and SSI programs are performed by disability determination services (DDS) in each State or other responsible jurisdiction in accordance with the Social Security Act and Federal regulations.¹ In carrying out its obligation, each DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations. To assist in making proper disability determinations, each DDS is authorized to purchase medical examinations, X rays and laboratory tests on a consultative basis to supplement evidence obtained from the claimants' physicians or other treating sources.

SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization.² The DDS withdraws Federal funds through the Department of the Treasury's Automated Standard Application for Payment system to pay for program expenditures. Funds drawn down must comply with Federal regulations³ and intergovernmental agreements entered into by the Department of the Treasury and States under the *Cash Management Improvement Act of 1990*.⁴ An advance or reimbursement for costs under the program must comply with Office of Management and Budget (OMB) Circular A-87. At the end of each quarter of the Fiscal Year, each DDS submits a Form SSA-4513, State Agency Report of Obligations for SSA Disability Programs, to account for program disbursements and unliquidated obligations.

¹ The *Social Security Act* §§ 221(a) and 1633(a), 42 U.S.C. §§ 421(a) and 1383b(a). 20 C.F.R. §§ 404.1601 *et seq.* and 416.1001 *et seq.*

² Expenditures include direct and indirect costs. Direct costs can be identified specifically with a particular cost objective. Indirect costs arise from activities that benefit multiple programs but are not readily assignable to these programs without effort disproportionate to the results achieved. (OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment A, §§ E.1 and F.1)

³ 31 C.F.R. § 205.1 *et seq.*

⁴ Pub. L. No. 101-453, 104 Stat. 1058, in part amending 31 U.S.C. §§ 3335, 6501, and 6503.

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and the Social Security Administration's (SSA) regulations, policies, and procedures.
- Researched prior reports issued by the Office of the Inspector General.
- Researched published reports and articles on how State budget cuts have affected programs that provide health care and other benefits to the disabled and elderly.
- Reviewed *National Disability Determination Services (DDS) Performance Summary* reports for Fiscal Years (FY) 2007 through 2009.
- Gathered and reviewed data related to the anticipated DDS workloads in FY 2010.
- Contacted SSA officials and staff to obtain information on SSA's disability programs, the effect of State furloughs on claims processing, and the effect of State budget cuts on current disabled beneficiaries and recipients.
- Calculated the dollar impact of States that were furloughing all DDS employees and savings in States that were not furloughing DDS employees as a result of SSA's efforts.

We performed our review between August and November 2009 in Boston, Massachusetts. We conducted our review in accordance with the President's Council on Integrity and Efficiency's *Quality Standards for Inspections*.¹

Methodology of Furlough Impact

SSA prepared estimates of the cost of a furlough per day in each DDS. Table C-1 shows SSA's estimates.

¹ In January 2009, the President's Council on Integrity and Efficiency was superseded by the Council of the Inspectors General on Integrity and Efficiency, *Inspector General Reform Act of 2008*, Pub. L. No. 110-409 § 7, 5 U.S.C. App. 3 § 11.

| Table C-1: Estimated Effects of a Furlough Day for FY 2009 by DDS² | | | | |
|--|--|--------------------------------|-------------------------------|---------------------------------|
| DDS | Budgeted Number of Cases per Year | Value of 1-Day Furlough | | |
| | | Number of Cases | Administrative Funding | Monthly Benefits Delayed |
| Alabama | 82,534 | 330 | \$189,100 | \$77,100 |
| Alaska | 5,030 | 20 | \$17,300 | \$7,700 |
| Arizona | 70,687 | 283 | \$121,500 | \$73,500 |
| Arkansas | 65,695 | 263 | \$99,900 | \$72,900 |
| California | 368,982 | 1,476 | \$849,400 | \$420,800 |
| Colorado | 32,589 | 130 | \$76,700 | \$40,800 |
| Connecticut | 31,850 | 127 | \$76,500 | \$31,200 |
| Delaware | 9,458 | 38 | \$26,100 | \$12,100 |
| District of Columbia | 10,032 | 40 | \$33,300 | \$12,000 |
| Florida | 261,894 | 1,048 | \$435,900 | \$266,200 |
| Georgia | 130,357 | 521 | \$231,200 | \$106,100 |
| Hawaii | 10,324 | 41 | \$26,500 | \$15,400 |
| Idaho | 21,509 | 86 | \$32,400 | \$24,600 |
| Illinois | 143,435 | 574 | \$289,700 | \$154,900 |
| Indiana | 90,814 | 363 | \$165,900 | \$96,700 |
| Iowa | 32,371 | 129 | \$87,000 | \$33,400 |
| Kansas | 33,572 | 134 | \$63,800 | \$38,000 |
| Kentucky | 96,403 | 386 | \$167,800 | \$94,800 |
| Louisiana | 70,709 | 283 | \$151,900 | \$76,600 |
| Maine | 17,100 | 68 | \$33,200 | \$18,000 |
| Maryland | 60,501 | 242 | \$118,500 | \$69,400 |
| Massachusetts | 73,994 | 296 | \$167,900 | \$102,100 |
| Michigan | 123,153 | 493 | \$309,400 | \$140,400 |
| Minnesota | 51,084 | 204 | \$95,400 | \$60,300 |
| Mississippi | 75,844 | 303 | \$106,600 | \$59,400 |
| Missouri | 78,579 | 314 | \$138,300 | \$79,600 |
| Montana | 10,583 | 42 | \$22,200 | \$13,600 |
| Nebraska | 18,441 | 74 | \$37,400 | \$20,500 |

² The values of a 1-day furlough were provided by SSA's Office of Disability Determinations. The number of cases was based on the annual number of cases expected to be completed divided by the number of workdays per year. The amount of administrative funding includes all costs—such as payroll, indirect costs, and medical costs—for the DDS to operate 1 day. The amount of monthly benefits delayed is based on the allowance rates for initial claims in each DDS and the average monthly national benefit (\$891.05 for Disability Insurance beneficiaries and \$533.47 for Supplemental Security Income recipients).

Table C-1: Estimated Effects of a Furlough Day for FY 2009 by DDS²

| DDS | Budgeted Number of Cases per Year | Value of 1-Day Furlough | | |
|----------------|-----------------------------------|-------------------------|------------------------|--------------------------|
| | | Number of Cases | Administrative Funding | Monthly Benefits Delayed |
| Nevada | 25,584 | 102 | \$53,100 | \$32,000 |
| New Hampshire | 10,720 | 43 | \$23,400 | \$16,500 |
| New Jersey | 84,109 | 336 | \$212,000 | \$121,400 |
| New Mexico | 27,128 | 109 | \$51,500 | \$30,400 |
| New York | 202,046 | 808 | \$600,100 | \$278,100 |
| North Carolina | 131,861 | 527 | \$215,500 | \$117,300 |
| North Dakota | 5,632 | 23 | \$10,100 | \$7,100 |
| Ohio | 182,815 | 731 | \$345,100 | \$149,900 |
| Oklahoma | 57,784 | 231 | \$106,800 | \$67,500 |
| Oregon | 44,720 | 179 | \$101,100 | \$52,900 |
| Pennsylvania | 148,024 | 592 | \$380,100 | \$160,300 |
| Puerto Rico | 31,988 | 128 | \$67,200 | \$55,500 |
| Rhode Island | 13,888 | 56 | \$31,800 | \$15,000 |
| South Carolina | 71,518 | 286 | \$137,000 | \$69,900 |
| South Dakota | 7,868 | 31 | \$12,700 | \$8,900 |
| Tennessee | 110,085 | 440 | \$214,100 | \$88,600 |
| Texas | 298,075 | 1,192 | \$533,400 | \$384,100 |
| Utah | 18,149 | 73 | \$44,100 | \$24,900 |
| Vermont | 6,752 | 27 | \$16,900 | \$9,700 |
| Virginia | 75,015 | 300 | \$154,000 | \$88,500 |
| Washington | 70,192 | 281 | \$142,000 | \$84,100 |
| West Virginia | 42,944 | 172 | \$82,700 | \$34,200 |
| Wisconsin | 62,322 | 249 | \$124,000 | \$83,900 |
| Wyoming | 4,213 | 17 | \$10,700 | \$6,600 |
| TOTAL | 3,810,956 | 15,241 | \$7,840,200 | \$4,205,400 |

In States furloughing or considering furloughing all DDS employees in FY 2010, the DDSs will encounter a shortfall of capacity up to 14 percent due to furlough days. As a result, we expect approximately 69,000 disability cases to be delayed in processing over the next 12 months. This wait will result in about \$126.2 million in benefits that will not be paid to disabled beneficiaries during this period that would have been paid if the furloughs did not occur.³ Table C-2 shows the States and the calculation of costs of the planned furloughs based on SSA's estimates in Table C-1.⁴

| Table C-2: Costs of Planned Furlough by DDS | | | | | | | |
|--|--------------------------------|-------------------------------|---------------------------------|-------------------------------|--|-------------------------------|-------------------------|
| DDS | Value of 1-Day Furlough | | | Furlough Days per Year | Costs of Planned Furloughs per Year | | |
| | Number of Cases | Administrative Funding | Monthly Benefits Delayed | | Number of Cases | Administrative Funding | Delayed Benefits |
| California | 1,476 | \$849,400 | \$420,800 | 36 | 53,136 | \$30,578,400 | \$98,467,200 |
| Connecticut | 127 | \$76,500 | \$31,200 | 3 | 381 | \$229,500 | \$608,400 |
| Hawaii | 41 | \$26,500 | \$15,400 | 18 | 738 | \$477,000 | \$1,801,800 |
| New Jersey | 336 | \$212,000 | \$121,400 | 10 | 3,360 | \$2,120,000 | \$7,891,000 |
| Ohio | 731 | \$345,100 | \$149,900 | 10 | 7,310 | \$3,451,000 | \$9,743,500 |
| Oregon | 179 | \$101,100 | \$52,900 | 6 | 1,074 | \$606,600 | \$2,063,100 |
| Rhode Island | 56 | \$31,800 | \$15,000 | 12 | 672 | \$381,600 | \$1,170,000 |
| Virginia | 300 | \$154,000 | \$88,500 | 1 | 300 | \$154,000 | \$88,500 |
| Wisconsin | 249 | \$124,000 | \$83,900 | 8 | 1,992 | \$992,000 | \$4,362,800 |
| TOTAL | | | | | 68,963 | \$38,990,100 | \$126,196,300 |

³ To develop the Delayed Benefits estimate, we began by estimating the total amount of benefits delayed for each State in the first month. During the succeeding month, the cases for these individuals would be worked, but a similar amount of cases would be delayed due to additional furlough days. In addition, a growing number of individuals would receive delayed benefits due to the backlog being created. Our calculation took into account this continuously rolling, and growing, backlog of cases that would be created due to the furloughs.

⁴ Although the Federal FY runs October 1 through September 30, most State FYs run July 1 through June 30. For the purposes of our report and our calculations of delayed benefits, we assumed the current State furloughs would continue throughout Federal FY 2010.

Because SSA worked with these States to exempt DDS employees from furloughs, we estimate approximately 13,000 disability cases will be processed that would have been delayed. These individuals will receive about \$24.4 million in benefits that would otherwise be delayed.⁵ Additionally, these States will receive almost \$6.7 million in administrative funding that SSA would not have paid if these DDS employees were furloughed. Table C-3 shows by DDS the savings in States that exempted DDS employees from furloughs. The number of cases and benefits processed per day were based on SSA's estimates in Table C-1.

Table C-3: Savings from Furlough Exemptions by DDS

| DDS | Value of 1-Day Furlough | | | Furlough Days Avoided Per Year | Savings from Furlough Exemptions per Year | | |
|---------------|-------------------------|------------------------|----------------------------|--------------------------------|---|------------------------|----------------------|
| | Number of Cases | Administrative Funding | Monthly Benefits Processed | | Number of Cases | Administrative Funding | Benefits Not Delayed |
| Colorado | 130 | \$76,700 | \$40,800 | 4 | 520 | \$306,800 | \$1,060,800 |
| Illinois | 574 | \$289,700 | \$154,900 | 12 | 6,888 | \$3,476,400 | \$12,082,200 |
| Maine | 68 | \$33,200 | \$18,000 | 10 | 680 | \$332,000 | \$1,170,000 |
| Maryland | 242 | \$118,500 | \$69,400 | 8 | 1,936 | \$948,000 | \$3,608,800 |
| Massachusetts | 296 | \$167,900 | \$102,100 | 6 | 1,776 | \$1,007,400 | \$3,981,900 |
| Nevada | 102 | \$53,100 | \$32,000 | 12 | 1,224 | \$637,200 | \$2,496,000 |
| TOTAL | | | | | 13,024 | \$6,707,800 | \$24,399,700 |

⁵ The calculation of savings from furlough exemptions by DDS includes States with partial furloughs. To develop the Benefits Not Delayed estimate, we began by estimating the total amount of benefits not delayed for each State in the first month. Similar to our calculation of Delayed Benefits in Table C-2, our calculation of Benefits Not Delayed took into account the continuously rolling, and growing, backlog of cases that would have been delayed if these DDSs were not exempted from furloughs.

The Social Security Administration's Initiatives to Expedite the Disability Claims Process

The Social Security Administration (SSA) has a number of initiatives to expedite the disability claims process, including a plan to eliminate the hearings backlog and prevent its recurrence, Quick Disability Determinations, compassionate allowances, military service casualty cases, presumptive disability and blindness cases, terminal illness cases, and health information technology.

Plan to Eliminate the Hearings Backlog and Prevent Its Recurrence

In May 2007, the Commissioner testified before Congress that SSA had developed a plan to eliminate the backlog of hearing requests by 2013 and prevent its recurrence. The plan focuses on (1) compassionate allowances, (2) improving performance, (3) increasing adjudicatory capacity, and (4) increasing efficiency with automation and business processes.¹ To improve performance, SSA is reducing its aged cases and providing certain attorney advisors the authority to make fully favorable decisions on cases—thus reserving administrative law judges to conduct hearings on more complex cases.

Quick Disability Determinations

In February 2008, SSA implemented the Quick Disability Determination process, which uses a predictive model to electronically identify claims involving a high potential that the applicant is disabled, medical evidence can be quickly and easily obtained, and the claim can be processed within 20 Calendar Days of receipt in the disability determination services (DDS).²

¹ SSA, *Plan to Eliminate the Hearing Backlog and Prevent Its Recurrence, End of Year Report FY 2007*, p.1. In September 2009, we issued a report, *Aged Claims at the Hearing Level (A-12-08-18071)*, that assessed the age of the pending claims in the hearings backlog, identified obstacles that prevented claims from being processed timely, and identified best practices that can assist in reducing the aged claim backlog.

² 20 Code of Federal Regulations (C.F.R.) §§ 404.1619 and 416.1019. See also, SSA, Program Operations Manual System (POMS), DI 23022.010. In our May 2009 report, *National Rollout of Quick Disability Determinations (A-01-09-19030)*, we found the initiative was working as SSA intended to expedite selected disability claims.

Compassionate Allowances

In October 2008, SSA implemented the Compassionate Allowance process, which quickly identifies claims electronically involving diseases and other medical conditions that invariably qualify under SSA's Listings³ based on minimal, but sufficient, objective medical information. Like the Quick Disability Determination process, this initiative uses a predictive model, but it is simpler—selecting claims for processing based solely on the applicant's allegation of having a disease or other medical condition listed in the Agency's list of Compassionate Allowance conditions.⁴

Terminal Illness Cases

SSA implemented procedures to ensure disability claims with an indication of terminal illness—either alleged by the claimant or a third party or indicated in medical records—are handled expeditiously because of their sensitivity. These cases may be identified by the teleservice center, field office, or DDS.⁵

Military Service Casualty Cases

The Military Service Casualty initiative is an SSA commitment to provide expedited disability claim services to wounded service members and their families. SSA established procedures to expedite disability claims for any military service personnel injured October 1, 2001 or later, provided the injury occurred while on active duty. SSA and DDS staffs are instructed to process these cases under the terminal illness procedures.⁶

Presumptive Disability and Blindness Cases

In the 1970s, SSA implemented the presumptive disability and presumptive blindness provisions. Under these provisions, an individual applying for Supplemental Security Income disability payments may receive up to 6 months of payments before the final determination if he or she is likely disabled and meets all other eligibility criteria.⁷

³ SSA's Listing of Impairments describes impairments that are considered severe enough to prevent an adult from performing any gainful activity for work.

⁴ SSA, POMS, DI 23022.015.

⁵ SSA, POMS, DI 11005.601.

⁶ SSA, POMS, DI 23020.050. We are conducting a review, *Military Service Casualty Cases* (A-01-09-29056), to assess SSA's efforts to streamline the disability claims process for these cases.

⁷ SSA, POMS, DI 23535.001.

Health Information Technology

In August 2008, SSA began piloting the Medical Evidence Gathering and Analysis through Health Information Technology (MEGAHIT) prototype with Beth Israel Deaconess Medical Center in Boston, Massachusetts. This computer process automatically requests and receives electronic health records in a standardized form to support SSA's disability claim decision-making process. MEGAHit then analyzes the data and alerts the disability examiner if the claim might be an allowance according to SSA's Listing of Impairments. According to SSA, this process occurs within a matter of minutes, resulting in shorter-than-average claim processing times.

In February 2009, SSA began working with MedVirginia in a trial implementation of a system-to-system health information exchange through the Nationwide Health Information Network. This is a secure Network connecting consumers, medical providers, and others involved in supporting health care. SSA requests and receives electronic health records through the Nationwide Health Information Network. MEGAHit then processes the electronic health record data. According to SSA, as of May 2009, disability cases processed using medical information through these systems has resulted in a higher rate of case allowance in less time compared to all disability cases. The Agency is continuing to evaluate this process.

Disability Statistics by Jurisdiction

Table E-1 shows the number of all Disability Insurance (DI) beneficiaries and their dependents as of December 2007 and the estimated total annual benefits paid to those individuals.¹

| Table E-1: December 2007 DI Statistics by Jurisdiction | | | |
|---|-------------------------------|-------------------|---|
| Jurisdiction | Disabled Beneficiaries | Dependents | Annual Benefits Paid (in millions) |
| Alabama | 211,668 | 50,792 | \$2,542 |
| Alaska | 11,737 | 2,711 | \$147 |
| Arizona | 143,125 | 32,475 | \$1,872 |
| Arkansas | 130,110 | 31,368 | \$1,534 |
| California | 675,491 | 140,871 | \$8,430 |
| Colorado | 88,431 | 17,940 | \$1,107 |
| Connecticut | 81,921 | 17,870 | \$1,030 |
| Delaware | 25,412 | 5,515 | \$334 |
| District of Columbia | 12,328 | 1,706 | \$129 |
| Florida | 466,830 | 98,148 | \$5,848 |
| Georgia | 242,033 | 53,975 | \$2,923 |
| Hawaii | 22,881 | 4,810 | \$285 |
| Idaho | 36,685 | 8,773 | \$447 |
| Illinois | 281,168 | 61,593 | \$3,441 |
| Indiana | 178,959 | 41,307 | \$2,178 |
| Iowa | 73,818 | 15,079 | \$846 |
| Kansas | 65,692 | 14,080 | \$780 |
| Kentucky | 198,836 | 48,592 | \$2,392 |
| Louisiana | 145,689 | 38,292 | \$1,700 |
| Maine | 56,646 | 13,632 | \$652 |
| Maryland | 111,716 | 21,724 | \$1,402 |
| Massachusetts | 188,613 | 45,137 | \$2,307 |
| Michigan | 303,099 | 69,424 | \$3,852 |
| Minnesota | 113,489 | 23,931 | \$1,375 |
| Mississippi | 129,993 | 33,551 | \$1,503 |
| Missouri | 197,456 | 44,502 | \$2,374 |

¹ SSA, *Annual Statistical Supplement, 2008*, issued March 2009.

| Table E-1: December 2007 DI Statistics by Jurisdiction | | | |
|---|-------------------------------|-------------------|---|
| Jurisdiction | Disabled Beneficiaries | Dependents | Annual Benefits Paid (in millions) |
| Montana | 25,601 | 5,107 | \$302 |
| Nebraska | 40,203 | 8,912 | \$462 |
| Nevada | 53,086 | 10,613 | \$718 |
| New Hampshire | 40,178 | 11,226 | \$530 |
| New Jersey | 188,202 | 41,653 | \$2,523 |
| New Mexico | 56,661 | 12,777 | \$674 |
| New York | 503,928 | 116,553 | \$6,389 |
| North Carolina | 305,284 | 63,319 | \$3,707 |
| North Dakota | 14,332 | 2,678 | \$156 |
| Ohio | 306,402 | 63,552 | \$3,555 |
| Oklahoma | 117,499 | 25,340 | \$1,396 |
| Oregon | 92,712 | 16,449 | \$1,143 |
| Pennsylvania | 375,865 | 85,898 | \$4,590 |
| Rhode Island | 34,831 | 7,515 | \$417 |
| South Carolina | 159,995 | 33,738 | \$1,956 |
| South Dakota | 18,186 | 3,557 | \$200 |
| Tennessee | 226,309 | 49,070 | \$2,668 |
| Texas | 500,548 | 120,629 | \$6,034 |
| Utah | 39,327 | 10,350 | \$483 |
| Vermont | 20,183 | 4,613 | \$232 |
| Virginia | 203,412 | 46,039 | \$2,537 |
| Washington | 152,960 | 29,269 | \$1,915 |
| West Virginia | 101,006 | 23,912 | \$1,271 |
| Wisconsin | 141,085 | 30,001 | \$1,686 |
| Wyoming | 11,507 | 2,299 | \$142 |
| American Samoa | 1,269 | 763 | \$13 |
| Guam | 1,493 | 617 | \$16 |
| Northern Mariana Islands | 249 | 79 | \$2 |
| Puerto Rico | 171,528 | 48,729 | \$1,752 |
| U.S. Virgin Islands | 2,057 | 579 | \$24 |
| Foreign countries | 18,658 | 3,857 | \$162 |
| Total | 8,118,382 | 1,817,491 | \$99,086 |

Table E-2 shows the number of disabled Supplemental Security Income (SSI) recipients and the amount they received in December 2008.²

| Table E-2: December 2008 SSI Disability Statistics by Area | | |
|---|----------------------------|--|
| Jurisdiction | Disabled Recipients | Payments Issued in December 2007 (in thousands) |
| Alabama | 152,376 | \$76,510 |
| Alaska | 9,639 | \$4,771 |
| Arizona | 89,444 | \$45,693 |
| Arkansas | 91,048 | \$45,461 |
| California | 899,395 | \$589,470 |
| Colorado | 51,148 | \$25,591 |
| Connecticut | 48,788 | \$25,040 |
| Delaware | 13,556 | \$6,685 |
| District of Columbia | 20,794 | \$11,450 |
| Florida | 342,340 | \$174,583 |
| Georgia | 187,489 | \$97,277 |
| Hawaii | 17,469 | \$9,745 |
| Idaho | 22,871 | \$11,214 |
| Illinois | 235,074 | \$123,696 |
| Indiana | 102,531 | \$54,085 |
| Iowa | 42,028 | \$20,097 |
| Kansas | 38,752 | \$20,400 |
| Kentucky | 174,372 | \$87,003 |
| Louisiana | 150,256 | \$75,721 |
| Maine | 31,749 | \$15,466 |
| Maryland | 85,812 | \$46,357 |
| Massachusetts | 136,448 | \$75,618 |
| Michigan | 216,203 | \$118,178 |
| Minnesota | 70,294 | \$36,152 |
| Mississippi | 110,090 | \$54,371 |
| Missouri | 115,898 | \$58,690 |
| Montana | 14,978 | \$7,273 |
| Nebraska | 21,710 | \$10,550 |
| Nevada | 27,622 | \$14,849 |
| New Hampshire | 15,002 | \$7,347 |

² SSA, *SSI Recipients by State and County*, 2008, issued May 2009.

| Table E-2: December 2008 SSI Disability Statistics by Area | | |
|---|----------------------------|--|
| Jurisdiction | Disabled Recipients | Payments Issued in December 2007 (in thousands) |
| New Jersey | 125,580 | \$65,933 |
| New Mexico | 49,280 | \$24,484 |
| New York | 523,026 | \$299,886 |
| North Carolina | 186,099 | \$91,822 |
| North Dakota | 7,167 | \$3,344 |
| Ohio | 250,281 | \$135,110 |
| Oklahoma | 81,031 | \$41,177 |
| Oregon | 58,293 | \$29,903 |
| Pennsylvania | 313,020 | \$167,377 |
| Rhode Island | 27,750 | \$15,059 |
| South Carolina | 96,745 | \$48,322 |
| South Dakota | 11,540 | \$5,405 |
| Tennessee | 150,669 | \$76,759 |
| Texas | 459,220 | \$225,988 |
| Utah | 23,045 | \$11,697 |
| Vermont | 13,314 | \$6,595 |
| Virginia | 122,379 | \$58,821 |
| Washington | 109,622 | \$59,602 |
| West Virginia | 76,226 | \$38,806 |
| Wisconsin | 91,411 | \$46,051 |
| Wyoming | 5,550 | \$2,602 |
| Northern Mariana Islands | 723 | \$412 |
| Unknown | 98 | \$51 |
| Total | 6,317,245 | \$3,404,553 |

Table E-3 shows workload statistics at disability determination services (DDS) in Fiscal Year (FY) 2008, including the number of claims received and processed, costs, number of employees, and average processing times for DI and SSI claims.³

| Table E-3: FY 2008 DDS Workload Statistics | | | | | | | |
|--|------------------|---------------------------------------|-------------------------------------|---------------|------------------------|------------------------|-----|
| DDS | Initial Receipts | Initial Claims Processed ⁴ | Total Claims Processed ⁵ | DDS Costs | Employees ⁶ | Processing Time (days) | |
| | | | | | | DI | SSI |
| Alabama | 65,181 | 62,546 | 75,641 | \$41,596,075 | 342 | 64 | 63 |
| Alaska | 4,234 | 4,129 | 4,831 | \$3,858,083 | 20 | 78 | 78 |
| Arizona | 35,160 | 35,247 | 62,330 | \$29,136,899 | 223 | 94 | 93 |
| Arkansas | 41,965 | 43,285 | 64,658 | \$22,902,043 | 235 | 63 | 62 |
| California | 256,273 | 261,511 | 357,556 | \$198,593,617 | 1,310 | 86 | 88 |
| Colorado | 27,688 | 27,799 | 32,609 | \$18,580,491 | 133 | 77 | 77 |
| Connecticut | 23,771 | 23,536 | 28,633 | \$17,616,286 | 105 | 72 | 81 |
| Delaware | 6,925 | 6,242 | 9,183 | \$5,988,105 | 44 | 97 | 97 |
| District of Columbia | 5,919 | 5,509 | 8,531 | \$5,987,299 | 34 | 78 | 77 |
| Florida | 163,876 | 162,414 | 230,003 | \$100,169,044 | 832 | 80 | 83 |
| Georgia | 86,973 | 85,149 | 128,131 | \$52,448,208 | 441 | 88 | 88 |
| Hawaii | 7,001 | 6,782 | 9,007 | \$5,692,256 | 40 | 84 | 92 |
| Idaho | 12,002 | 11,372 | 16,615 | \$6,896,280 | 52 | 62 | 62 |
| Illinois | 96,734 | 100,541 | 144,975 | \$68,138,817 | 482 | 74 | 76 |
| Indiana | 59,267 | 58,842 | 87,124 | \$38,199,876 | 271 | 80 | 84 |
| Iowa | 20,269 | 20,352 | 29,552 | \$18,670,523 | 122 | 80 | 83 |
| Kansas | 20,756 | 20,679 | 31,613 | \$14,674,611 | 116 | 73 | 71 |
| Kentucky | 58,999 | 58,899 | 94,093 | \$39,280,761 | 385 | 83 | 84 |
| Louisiana | 54,071 | 54,510 | 65,180 | \$31,999,862 | 286 | 67 | 67 |
| Maine | 12,335 | 12,062 | 15,172 | \$7,528,838 | 61 | 64 | 68 |
| Maryland | 44,526 | 42,832 | 58,763 | \$27,957,577 | 225 | 78 | 82 |
| Massachusetts | 51,718 | 51,021 | 63,449 | \$40,453,622 | 254 | 71 | 76 |

³ SSA, Office of Disability Determinations, *DDS Performance Profiles*, February 2009.

⁴ In May 2008, the Agency began counting Expedited Reinstatement claims as initial claims instead of medical continuing disability reviews. The total number of Expedited Reinstatements processed in FY 2008 was 12,499.

⁵ The total dispositions show the total number of all DDS cases processed, including initial claims, reconsiderations, continuing disability reviews, and other special cases. In May 2008, the Agency began counting Expedited Reinstatement claims as initial claims instead of medical continuing disability reviews.

⁶ This is the actual number of workyears—the equivalent of full-time positions—in each DDS, not the number of employees.

Table E-3: FY 2008 DDS Workload Statistics

| DDS | Initial Receipts | Initial Claims Processed ⁴ | Total Claims Processed ⁵ | DDS Costs | Employees ⁶ | Processing Time (days) | |
|----------------|------------------|---------------------------------------|-------------------------------------|------------------------|------------------------|------------------------|-----------|
| | | | | | | DI | SSI |
| Michigan | 103,058 | 104,178 | 123,252 | \$72,179,008 | 514 | 83 | 85 |
| Minnesota | 33,463 | 34,556 | 50,220 | \$22,329,232 | 156 | 75 | 77 |
| Mississippi | 49,144 | 48,289 | 76,320 | \$25,907,947 | 260 | 72 | 69 |
| Missouri | 60,723 | 61,737 | 73,447 | \$29,070,791 | 274 | 61 | 60 |
| Montana | 6,638 | 6,674 | 9,945 | \$4,918,848 | 43 | 78 | 81 |
| Nebraska | 11,414 | 11,549 | 17,334 | \$9,222,641 | 78 | 65 | 64 |
| Nevada | 17,400 | 18,046 | 24,140 | \$11,625,528 | 98 | 94 | 98 |
| New Hampshire | 9,218 | 9,319 | 10,269 | \$5,274,467 | 45 | 91 | 101 |
| New Jersey | 53,811 | 54,346 | 79,019 | \$50,830,026 | 288 | 113 | 113 |
| New Mexico | 18,081 | 18,134 | 26,783 | \$12,059,628 | 86 | 78 | 78 |
| New York | 145,252 | 150,299 | 187,645 | \$143,994,254 | 821 | 78 | 81 |
| North Carolina | 90,013 | 82,808 | 125,476 | \$48,387,556 | 437 | 93 | 94 |
| North Dakota | 3,388 | 3,493 | 5,563 | \$2,502,789 | 25 | 67 | 72 |
| Ohio | 121,106 | 123,373 | 176,252 | \$75,610,439 | 570 | 90 | 92 |
| Oklahoma | 35,872 | 37,176 | 54,185 | \$23,187,209 | 207 | 85 | 85 |
| Oregon | 25,680 | 26,183 | 39,328 | \$23,077,980 | 163 | 83 | 87 |
| Pennsylvania | 122,054 | 121,703 | 142,130 | \$88,139,201 | 569 | 94 | 94 |
| Puerto Rico | 17,111 | 16,960 | 27,735 | \$14,612,254 | 149 | 130 | *** |
| Rhode Island | 9,477 | 9,942 | 12,387 | \$7,014,615 | 40 | 122 | 131 |
| South Carolina | 47,953 | 46,048 | 68,481 | \$31,425,550 | 273 | 85 | 86 |
| South Dakota | 5,033 | 5,204 | 7,477 | \$3,126,011 | 28 | 88 | 97 |
| Tennessee | 66,094 | 64,972 | 104,972 | \$47,283,932 | 419 | 92 | 94 |
| Texas | 194,905 | 198,414 | 284,578 | \$122,628,215 | 974 | 61 | 60 |
| Utah | 11,193 | 11,162 | 16,429 | \$9,611,617 | 68 | 87 | 90 |
| Vermont | 4,879 | 4,931 | 5,982 | \$3,554,829 | 31 | 90 | 92 |
| Virginia | 55,904 | 54,541 | 76,973 | \$36,908,443 | 320 | 77 | 78 |
| Washington | 45,405 | 45,574 | 66,300 | \$33,329,700 | 235 | 74 | 75 |
| West Virginia | 26,434 | 26,029 | 40,835 | \$18,106,038 | 168 | 77 | 77 |
| Wisconsin | 43,612 | 40,903 | 59,799 | \$28,344,924 | 213 | 78 | 84 |
| Wyoming | 2,905 | 2,981 | 3,889 | \$2,650,167 | 16 | 84 | 88 |
| Total | 3,592,863 | 2,594,783 | 3,614,794 | \$1,803,283,012 | 13,604 | 81 | 81 |

*** SSI is limited to residents of the 50 States, the District of Columbia, or the Northern Mariana Islands.

Table E-4 shows workload statistics at disability determination services (DDS) in Fiscal Year (FY) 2009, including the number of claims received and processed, costs, number of employees, and average processing times for DI and SSI claims.⁷

| Table E-4: FY 2009 DDS Workload Statistics | | | | | | | |
|--|------------------------|---------------------------------------|-------------------------------------|-------------------------|-------------------------|------------------------|-----|
| DDS | Initial Claim Receipts | Initial Claims Processed ⁸ | Total Claims Processed ⁹ | DDS Costs ¹⁰ | Employees ¹¹ | Processing Time (days) | |
| | | | | | | DI | SSI |
| Alabama | 74,197 | 72,384 | 91,103 | \$47,728,207 | 359 | 66 | 65 |
| Alaska | 4,585 | 4,374 | 5,286 | \$4,252,785 | 20 | 95 | 94 |
| Arizona | 46,546 | 43,508 | 71,921 | \$30,943,723 | 234 | 82 | 83 |
| Arkansas | 47,353 | 44,624 | 68,175 | \$26,731,329 | 260 | 59 | 62 |
| California | 286,652 | 273,068 | 368,971 | \$204,512,909 | 1,322 | 77 | 81 |
| Colorado | 33,242 | 27,662 | 33,185 | \$20,093,503 | 135 | 92 | 93 |
| Connecticut | 26,347 | 24,695 | 36,007 | \$19,816,676 | 108 | 87 | 98 |
| Delaware | 6,179 | 6,138 | 9,453 | \$6,172,083 | 41 | 106 | 105 |
| District of Columbia | 8,736 | 8,323 | 12,126 | \$8,789,635 | 42 | 71 | 76 |
| Florida | 197,960 | 190,282 | 276,494 | \$113,036,858 | 907 | 73 | 78 |
| Georgia | 104,251 | 89,377 | 123,164 | \$56,801,976 | 480 | 96 | 99 |
| Hawaii | 8,421 | 8,090 | 10,430 | \$6,657,130 | 43 | 82 | 89 |
| Idaho | 15,617 | 15,021 | 21,698 | \$8,149,427 | 61 | 65 | 64 |
| Illinois | 105,672 | 96,050 | 140,396 | \$72,866,505 | 473 | 73 | 76 |
| Indiana | 68,603 | 63,552 | 92,707 | \$41,540,573 | 278 | 77 | 81 |
| Iowa | 23,431 | 22,956 | 34,076 | \$21,018,168 | 129 | 74 | 80 |
| Kansas | 24,018 | 21,923 | 33,373 | \$15,634,129 | 115 | 77 | 76 |
| Kentucky | 66,140 | 62,290 | 97,035 | \$43,950,143 | 406 | 86 | 86 |
| Louisiana | 64,036 | 60,790 | 72,848 | \$37,754,681 | 298 | 64 | 64 |

⁷ SSA, Office of Disability Programs, Performance Management System On-Line Reporting of DDS Performance, October 2009 and SSA, Office of Disability Determinations, August 2009.

⁸ In May 2008, the Agency began counting Expedited Reinstatement claims as initial claims instead of medical continuing disability reviews. The total number of Expedited Reinstatements processed in FY 2009 was 12,981.

⁹ The total dispositions show the total number of all DDS cases processed, including initial claims, reconsiderations, continuing disability reviews, and other special cases.

¹⁰ DDS costs were the cost allocations for FY 2009 as of August 2009. In addition to the amounts in Table E-4, SSA paid approximately \$6.7 million in costs for the Northern Mariana Islands, the Virgin Islands, and overhead.

¹¹ This is the actual number of workyears—the equivalent of full-time positions—in each DDS, not the number of employees.

Table E-4: FY 2009 DDS Workload Statistics

| DDS | Initial Claim Receipts | Initial Claims Processed ⁸ | Total Claims Processed ⁹ | DDS Costs ¹⁰ | Employees ¹¹ | Processing Time (days) | |
|----------------|------------------------|---------------------------------------|-------------------------------------|-------------------------|-------------------------|------------------------|-----------|
| | | | | | | DI | SSI |
| Maine | 14,448 | 13,705 | 19,774 | \$8,238,519 | 63 | 81 | 83 |
| Maryland | 50,751 | 43,938 | 63,116 | \$30,288,852 | 231 | 85 | 90 |
| Massachusetts | 58,385 | 52,496 | 74,062 | \$43,767,920 | 273 | 86 | 93 |
| Michigan | 115,664 | 107,181 | 126,332 | \$77,738,934 | 536 | 97 | 101 |
| Minnesota | 37,917 | 35,579 | 52,069 | \$24,312,107 | 163 | 71 | 75 |
| Mississippi | 52,463 | 50,331 | 82,814 | \$27,051,302 | 270 | 75 | 71 |
| Missouri | 71,564 | 65,796 | 80,302 | \$34,211,666 | 294 | 61 | 62 |
| Montana | 8,186 | 7,606 | 11,011 | \$5,629,003 | 47 | 79 | 81 |
| Nebraska | 13,030 | 12,097 | 17,974 | \$9,983,203 | 80 | 68 | 67 |
| Nevada | 21,816 | 18,874 | 26,712 | \$13,168,413 | 105 | 86 | 96 |
| New Hampshire | 10,951 | 9,919 | 11,384 | \$5,539,012 | 46 | 87 | 94 |
| New Jersey | 57,213 | 55,297 | 77,724 | \$52,956,224 | 285 | 98 | 103 |
| New Mexico | 21,457 | 19,367 | 26,829 | \$13,367,889 | 83 | 79 | 81 |
| New York | 162,391 | 156,742 | 206,019 | \$150,877,764 | 822 | 70 | 75 |
| North Carolina | 99,531 | 100,416 | 147,413 | 54,905,568 | 471 | 103 | 105 |
| North Dakota | 3,756 | 3,361 | 5,058 | \$2,584,438 | 24 | 71 | 83 |
| Ohio | 135,587 | 120,609 | 183,918 | \$83,696,332 | 613 | 89 | 91 |
| Oklahoma | 42,946 | 39,163 | 58,590 | \$26,912,670 | 226 | 74 | 79 |
| Oregon | 32,746 | 29,438 | 45,635 | \$25,986,744 | 176 | 76 | 78 |
| Pennsylvania | 134,190 | 123,351 | 148,065 | \$94,697,966 | 598 | 93 | 95 |
| Puerto Rico | 20,632 | 20,109 | 27,399 | \$20,156,057 | 147 | 121 | *** |
| Rhode Island | 11,417 | 10,008 | 14,506 | \$8,522,733 | 43 | 120 | 134 |
| South Carolina | 56,146 | 51,272 | 71,055 | \$34,790,045 | 298 | 92 | 93 |
| South Dakota | 5,739 | 5,318 | 7,377 | \$3,542,739 | 30 | 84 | 97 |
| Tennessee | 83,016 | 72,421 | 114,249 | \$55,418,891 | 457 | 91 | 94 |
| Texas | 227,117 | 209,817 | 302,393 | \$132,003,347 | 998 | 59 | 61 |
| Utah | 13,802 | 11,765 | 17,481 | \$11,036,794 | 71 | 92 | 97 |
| Vermont | 5,685 | 5,256 | 7,428 | \$4,259,396 | 33 | 89 | 87 |
| Virginia | 63,518 | 55,783 | 78,301 | \$38,498,241 | 338 | 84 | 89 |
| Washington | 51,130 | 48,951 | 74,631 | \$37,095,271 | 255 | 67 | 71 |
| West Virginia | 28,135 | 26,401 | 44,833 | \$20,113,163 | 176 | 79 | 81 |
| Wisconsin | 48,651 | 45,951 | 67,627 | \$30,667,950 | 220 | 108 | 116 |
| Wyoming | 3,463 | 3,186 | 4,079 | \$2,684,903 | 16 | 72 | 74 |
| Total | 2,975,429 | 2,766,611 | 3,894,608 | \$1,971,154,496 | 14,199 | 80 | 83 |

*** SSI is limited to residents of the 50 States, the District of Columbia, or the Northern Mariana Islands.

Table E-5 shows workload statistics at the Federal Disability Processing Branches and Flexible Disability Units in FY 2009 through September 25, 2009.¹²

| Table E-5: FY 2009 Disability Processing Branches and Flexible Disability Units Workload Statistics (Through September 25, 2009) | | | | |
|---|-------------------------|-----------------------------|---------------------------|-----------------------|
| Unit¹³ | Initial Receipts | Initial Dispositions | Total Dispositions | Pending Claims |
| Mid-America Program Service Center Flexible Disability Unit | 359 | 36 | 1,000 | 370 |
| International Program Service Center | 1,369 | 1,178 | 1,451 | 1,356 |
| Federal DDS | 9,790 | 7,518 | 7,539 | 3,017 |
| Great Lakes | 181 | 163 | 3,207 | 785 |
| Western Program Service Center | 2,295 | 1,995 | 4,531 | 1,967 |
| Guam | 868 | 775 | 948 | 359 |
| Virgin Islands | 330 | 325 | 361 | 100 |
| Office of Central Operations | 7,545 | 8,718 | 8,718 | 2,091 |
| South Eastern Payment Service Center | 6,354 | 6,120 | 6,122 | 1,221 |
| Mid-Atlantic Payment Service Center | 3,205 | 3,073 | 3,332 | 842 |
| Northeastern Payment Service Center | 3,712 | 3,425 | 3,425 | 1,064 |
| TOTAL | 36,008 | 33,326 | 40,634 | 13,172 |

¹² SSA, Office of Disability Determinations, September 2009.

¹³ The Seattle, Denver, Dallas, and Boston Regions have Disability Processing Branches, but these units' workload statistics for FY 2009 were included in the DDS workload numbers.

Table E-6 shows the attrition rates at DDSs in FY 2008 and FY 2009.¹⁴

| Table E-6: DDS Attrition Rates FYs 2008-2009 | | | | |
|---|-----------------|------------------|-----------------|------------------|
| DDS | FY 2008 | | FY 2009 | |
| | Examiner | All Staff | Examiner | All Staff |
| Alabama | 7.6 | 6.5 | 13.5 | 8.9 |
| Alaska | 46.5 | 27.5 | 36.0 | 40.0 |
| Arizona | 21.4 | 14.1 | 15.9 | 11.4 |
| Arkansas | 11.9 | 4.9 | 13.5 | 10.0 |
| California | 8.4 | 9.4 | 6.4 | 7.7 |
| Colorado | 14.1 | 9.7 | 11.5 | 10.6 |
| Connecticut | 4.9 | 3.9 | 23.6 | 19.1 |
| Delaware | 24.7 | 21.5 | 23.5 | 33.8 |
| District of Columbia | 4.2 | 12.1 | 2.9 | 6.8 |
| Florida | 19.7 | 15.3 | 17.4 | 9.5 |
| Georgia | 19.9 | 13.7 | 11.8 | 6.6 |
| Hawaii | 9.1 | 4.5 | 14.6 | 7.3 |
| Idaho | 11.8 | 9.9 | 16.5 | 8.6 |
| Illinois | 13.7 | 12.4 | 10.1 | 8.2 |
| Indiana | 15.3 | 9.2 | 13.7 | 8.3 |
| Iowa | 0.8 | 3.5 | 0.0 | 1.4 |
| Kansas | 12.0 | 8.0 | 26.2 | 21.4 |
| Kentucky | 14.9 | 14.3 | 15.3 | 8.1 |
| Louisiana | 34.0 | 19.9 | 27.7 | 12.8 |
| Maine | 40.4 | 18.9 | 1.4 | 4.9 |
| Maryland | 16.7 | 15.9 | 14.1 | 8.7 |
| Massachusetts | 3.6 | 3.4 | 4.8 | 8.3 |
| Michigan | 7.0 | 7.1 | 7.7 | 5.2 |
| Minnesota | 11.7 | 9.5 | 3.1 | 5.4 |
| Mississippi | 13.9 | 10.9 | 9.0 | 5.7 |
| Missouri | 11.4 | 5.8 | 17.5 | 8.2 |
| Montana | 2.7 | 9.3 | 11.7 | 13.7 |
| Nebraska | 15.2 | 9.8 | 4.1 | 2.2 |
| Nevada | 16.7 | 10.5 | 13.1 | 16.4 |
| New Hampshire | 0 | 1.3 | 0.0 | 0.0 |
| New Jersey | 12.6 | 11.9 | 7.0 | 6.4 |
| New Mexico | 3.5 | 6.0 | 22.3 | 10.7 |
| New York | 8.5 | 8.3 | 7.9 | 6.8 |

¹⁴ SSA, Office of Disability Determinations, September 2009.

Table E-6: DDS Attrition Rates FYs 2008-2009

| DDS | FY 2008 | | FY 2009 | |
|-----------------|-----------------|------------------|-----------------|------------------|
| | Examiner | All Staff | Examiner | All Staff |
| North Carolina | 13.3 | 14.5 | 23.3 | 16.3 |
| North Dakota | 0.0 | 2.3 | 27.2 | 33.8 |
| Ohio | 9.8 | 10.2 | 12.7 | 12.6 |
| Oklahoma | 12.2 | 8.0 | 7.0 | 4.7 |
| Oregon | 31.4 | 17.6 | 22.7 | 11.9 |
| Pennsylvania | 9.4 | 6.9 | 19.3 | 12.7 |
| Puerto Rico | 5.9 | 4.0 | 6.9 | 7.2 |
| Rhode Island | 2.7 | 19.7 | 2.4 | 8.9 |
| South Carolina | 12.5 | 10.1 | 7.2 | 6.8 |
| South Dakota | 27.9 | 25.7 | 8.4 | 9.4 |
| Tennessee | 15.4 | 10.8 | 12.4 | 9.2 |
| Texas | 10.3 | 8.5 | 11.2 | 8.0 |
| Utah | 1.5 | 9.5 | 13.3 | 12.5 |
| Vermont | 10.5 | 13.8 | 16.7 | 9.3 |
| Virginia | 17.4 | 11.2 | 16.1 | 13.5 |
| Washington | 8.8 | 14.9 | 7.4 | 8.2 |
| West Virginia | 9.7 | 11.3 | 8.0 | 7.0 |
| Wisconsin | 8.9 | 10.2 | 9.2 | 10.5 |
| Wyoming | 22.7 | 23.3 | 0.0 | 3.3 |
| National | 12.5 | 10.5 | 12.2 | 9.2 |

Furlough and Hiring Freeze Status by Disability Determination Services

Table F-1 shows each disability determination services' (DDS) furlough and hiring freeze status as of October 2009.

| Table F-1: Status of Furlough and Hiring Freeze by DDS | | | |
|---|-----------------------------------|-------------------------------|---|
| DDS | Furlough Status | Hiring Freeze Status | Remarks |
| Alabama | No furlough. | No hiring freeze. | |
| Alaska | No furlough. | No hiring freeze. | |
| Arizona | No furlough. | Hiring freeze but DDS exempt. | |
| Arkansas | No furlough. | No hiring freeze. | |
| California | Furlough in place. | Hiring freeze but DDS exempt. | <p>California State employees, including DDS employees, are subject to 3 furlough days per month through June 30, 2010. They are exempt from fixed furlough days. They will continue to accrue 3 flex furlough days per month, and the DDS will be open on the fixed furlough days. All State employees covered by the original and amended furlough plans must use their accrued furlough days before using vacation, annual leave, personal holiday, holiday credit, personal leave plan credit, or compensatory time off.</p> <p>The State has changed overtime rules to eliminate the opportunity to earn overtime pay in weeks in which a furlough, sick, or annual leave day is taken. These 3 furlough days translate to an approximate 13.8 percent reduction in monthly pay.</p> <p>A fourth furlough day per month is possible.</p> |
| Colorado | Furlough in place but DDS exempt. | Hiring freeze but DDS exempt. | Information technology staff, employed by the State yet support the DDS, are not exempt from the furlough. |

Table F-1: Status of Furlough and Hiring Freeze by DDS

| DDS | Furlough Status | Hiring Freeze Status | Remarks |
|----------------------|--|-------------------------------|---|
| Connecticut | Furlough in place. | Hiring freeze but DDS exempt. | The Administrator took 1 voluntary furlough day. The Governor reached an agreement with the union on several concessions to avoid layoffs. The DDS will be shut down 7 days; 1 in FY 2009 and 3 each in FYs 2010 and 2011. In addition to the mandatory furlough days, State employees are being encouraged to voluntarily reduce their tours of duty, but no one has done so. |
| Delaware | No furlough. | Hiring freeze but DDS exempt. | |
| District of Columbia | No furlough. | No hiring freeze. | |
| Florida | No furlough. | No hiring freeze. | |
| Georgia | No furlough. | No hiring freeze. | |
| Hawaii | Furlough expected to take effect soon—DDS not expected to be exempt. | Hiring freeze for DDS. | In October 2009, the Governor and the Hawaii Government Employees Association agreed on a plan to furlough all State employees 18 days in FY 2010 and 24 days in FY 2011. |
| Idaho | No furlough. | Hiring freeze but DDS exempt. | |
| Illinois | Furlough in place but DDS partially exempt. | No hiring freeze. | The DDS' bargaining employees are not subject to furloughs. The DDS' non-bargaining employees are the only exemption to the Department of Human Services' furloughs. The Governor's office reviews all approvals for initial postings of positions in addition to a second review for final approval to hire. In the past, this has resulted in significant delays in hiring at the DDS. |
| Indiana | No furlough. | No hiring freeze. | The State has not implemented a hiring freeze; however, each vacancy is considered individually. The State added an additional layer of review to fill vacancies, resulting in a protracted hiring process. |
| Iowa | No furlough. | Hiring freeze but DDS exempt. | |
| Kansas | No furlough. | No hiring freeze. | The DDS has been allowed to hire, but it has not been allowed to promote into a couple of key positions. |

Table F-1: Status of Furlough and Hiring Freeze by DDS

| DDS | Furlough Status | Hiring Freeze Status | Remarks |
|---------------|---|-------------------------------|--|
| Kentucky | No furlough. | No hiring freeze. | |
| Louisiana | No furlough. | Hiring freeze but DDS exempt. | |
| Maine | Furlough in place but DDS partially exempt. | Hiring freeze but DDS exempt. | The State imposed 10 furlough days in both FYs 2010 and 2011 (total of 20). In the DDS, 40 staff are exempted from the furlough; however, 24 staff are not exempt. The DDS is exempt from a State-wide hiring freeze, but each vacancy must be individually exempted which delays replacement and backfill hiring. |
| Maryland | Furlough in place but DDS exempt. | No hiring freeze. | The State is treating DDS employees as essential personnel (similar to police and firefighters), so the DDS will not close on the 5 service reduction days when all other State offices will close in FY 2010. |
| Massachusetts | Furlough in place but DDS partially exempt. | No hiring freeze. | The State imposed 3 to 9 furlough days for DDS managers, effective November 27, 2009 through June 30, 2010. The furlough obligation is tiered based on salary as follows: \$50,000 to \$69,999 subject to 3 furlough days, \$70,000 to \$89,999 subject to 6 furlough days, and \$90,000 and up subject to 9 furlough days. |
| Michigan | No furlough. | No hiring freeze. | A Continuing Resolution has been signed through October 2009. There is no indication whether furloughs or freezes will be included in the FY 2010 budget. The State has imposed agency hiring limits; however, the DDS has been successful in being exempt from hiring limits based on their 100 percent Federal funding. |
| Minnesota | No furlough. | No hiring freeze. | With additional documentation provided to demonstrate the critical need to fill positions, all DDS personnel requests in Minnesota have been approved. |
| Mississippi | No furlough. | No hiring freeze. | |
| Missouri | No furlough. | No hiring freeze. | The State is experiencing greater budget shortfalls than projected and is considering more layoffs in State agencies. The DDS has been exempted in the past, and there is no indication there is a change in philosophy. |
| Montana | No furlough. | No hiring freeze. | |

Table F-1: Status of Furlough and Hiring Freeze by DDS

| DDS | Furlough Status | Hiring Freeze Status | Remarks |
|---------------|---|-------------------------------|--|
| Nebraska | No furlough. | No hiring freeze. | |
| Nevada | Furlough in place but DDS partially exempt. | Hiring freeze but DDS exempt. | <p>The Nevada Board of Examiners (which includes the Governor) met, and based on health, safety, and direct client service, exempted 94 adjudicative staff (Examiners, Medical Consultants, Unit Supervisors, and Call Center staff) from the furlough. Of the non-adjudicative staff, 9 are not exempt, including the Bureau Chief, Operations Manager, Professional Relations Officer, and other administrative clerical staff. Furloughed staff are required to take one floating furlough day per month.</p> <p>Adjudicative staff will continue to work overtime. Furloughed staff are prohibited from working overtime within the pay period they are furloughed, but are being encouraged to take advantage of overtime in the non-furlough weeks to minimize the financial loss and maintain productivity.</p> <p>Due to a change (cuts) in retirement benefits effective July 1, 2009, the State is providing disincentives for possible retirees to stay on beyond June 30, 2009. The DDS will have to consider hiring from the layoff list for positions such as their Information Technology supervisor. However, if there is no interest or the candidate does not work out, they may post for an outside hire.</p> |
| New Hampshire | No furlough. | Hiring freeze but DDS exempt. | The DDS will need to give consideration to State employees laid off from other departments when filling positions. |

Table F-1: Status of Furlough and Hiring Freeze by DDS

| DDS | Furlough Status | Hiring Freeze Status | Remarks |
|------------|--------------------|-------------------------------|--|
| New Jersey | Furlough in place. | Hiring freeze for DDS. | Although the State had initially agreed to exempt DDS employees from State-wide furloughs, a new Memorandum of Agreement between the State and labor union removes that exemption. Under the agreement, the DDS is subject to 10 furlough days between July 2009 and June 2010. The furlough days consist of 8 self-directed unpaid leave days, the day after Thanksgiving in 2009, and President's Day in 2010. Furthermore, the State has designated the day after Thanksgiving in 2010 as a paid holiday. The agreement also calls for a deferment of the July 2009 3.5 percent pay raise until January 2011, leaving in place the scheduled July 2010 raise. In recognition of the agreement to defer the pay raise and to institute furloughs, the State agreed not to layoff any workers through December 2010. It also agreed to establish a Paid Leave Bank that will credit every employee with 7 days of paid leave to be accrued through June 30, 2010 that may be carried over indefinitely. |
| New Mexico | No furlough. | No hiring freeze. | |
| New York | No furlough. | Hiring freeze but DDS exempt. | The DDS has potential layoffs, work schedule reductions, and retirement bonuses. Requests for exemption from both the hiring freeze and layoffs are pending in the Office of the Governor. However, the DDS was granted permission to hire 200 employees. Expansion of the State's work schedule reduction program, introduction of retirement bonuses, and a new cost-saving tier to the State retirement pension system were announced on June 5, 2009 but have not been implemented. These negotiated agreements between the Governor and the labor unions require legislative approval which is being delayed by recent upheaval in the New York State Senate. The State Legislature will pick up these issues when it reconvenes. |

Table F-1: Status of Furlough and Hiring Freeze by DDS

| DDS | Furlough Status | Hiring Freeze Status | Remarks |
|----------------|--------------------|-------------------------------|---|
| North Carolina | No furlough. | No hiring freeze. | <p>All State employees had forced reduction in pay equal to ½ of 1 percent for FY 2009 with the total of the pay reduction to be taken out of employee payroll checks in May and June 2009. Also, employees will be required to take 10 hours of paid leave between June and December 2009. The 10 hours of paid leave will allow the employees to recoup the ½ of 1 percent lost in May and June 2009.</p> <p>The DDS hiring process is more cumbersome due to the need to obtain "freeze releases" to fill positions not deemed "critical." The DDS has, however, received approval to designate DDS specialists/examiners, as well as Medical and Psychological Consultants, as "critical." Therefore, the DDS has been able to recruit and hire for these positions. Also, the DDS has been able to obtain an exception to fill positions not on the "critical" list.</p> |
| North Dakota | No furlough. | No hiring freeze. | |
| Ohio | Furlough in place. | Hiring freeze but DDS exempt. | <p>A budget has been signed for FYs 2010-2011. The State announced furloughs or Cost-Savings Days effective July 2009. There will be Cost-Savings Days in each of the next 2 FYs, for a total of 20 days. All employees are subject to the Cost-Savings Days. The State is moving forward with the cost savings provisions. Each pay period includes a pay reduction of 3.076 percent, which equates to the 10 self-directed cost savings days per FY. Additionally, there is a provision that no overtime can be worked in a week a Cost-Savings Days is taken by the employee.</p> <p>The DDS is under a hiring freeze but received approvals to hire. Pay will be reduced by 3.076 hours each pay period throughout the year beginning July 2009.</p> |
| Oklahoma | No furlough. | No hiring freeze. | |
| Oregon | Furlough in place. | Hiring freeze but DDS exempt. | <p>For FYs 2010 and 2011, the number of furlough days depends on salary range. A pay freeze took effect on September 1, 2009. The entire DDS is subject to a 10-day State office shutdown schedule and an additional 2 to 4 more furlough days dependent upon salary. The scheduled shutdown days begin in October 2009 and end May 2011.</p> |

Table F-1: Status of Furlough and Hiring Freeze by DDS

| DDS | Furlough Status | Hiring Freeze Status | Remarks |
|----------------|------------------------|-------------------------------|---|
| Pennsylvania | No furlough. | Hiring freeze but DDS exempt. | The DDS is subject to a case-by-case authorization requirement for hiring. |
| Puerto Rico | No furlough. | Hiring freeze but DDS exempt. | |
| Rhode Island | Furlough in place. | Hiring freeze for DDS. | The Governor signed an Executive Order that includes 12 furlough days, beginning September 4, 2009. Each of the remaining days will be around holidays. Meetings between the Governor and union are ongoing, which may result in possibly averting furlough days. |
| South Carolina | No furlough. | No hiring freeze. | |
| South Dakota | No furlough. | Hiring freeze for DDS. | The DDS hiring is considered on a case-by-case situation. |
| Tennessee | No furlough. | Hiring freeze but DDS exempt. | |
| Texas | No furlough. | No hiring freeze. | |
| Utah | No furlough. | No hiring freeze. | |
| Vermont | No furlough. | No hiring freeze. | <p>The Administration had been negotiating with the unions. The negotiations had been aimed at settling the \$7.4 million budget shortfall without layoffs through a combination of furloughs, on-payment for holidays, reduced health insurance benefits, and other employee give-backs.</p> <p>The Administration will now proceed to obtain the savings through elimination of vacant positions and State-wide layoffs of 200 to 300 employees.</p> <p>The DDS has been exempted from layoffs and the State is allowing them to establish, recruit for, and fill vacant positions.</p> |
| Virginia | Furlough in place. | Hiring freeze but DDS exempt. | <p>There will be a 1-day furlough on May 28, 2010. However, a new governor will be in office effective January 2010, therefore, this may change.</p> <p>While not subject to a general hiring freeze, the DDS will have to postpone clerical hiring if and when layoffs occur. The DDS will have to give qualified clerical employees in such agencies with layoffs priority consideration for positions in the DDS.</p> |

| Table F-1: Status of Furlough and Hiring Freeze by DDS | | | |
|---|------------------------|-------------------------------|---|
| DDS | Furlough Status | Hiring Freeze Status | Remarks |
| Washington | No furlough. | Hiring freeze but DDS exempt. | The DDS is waiting to hear whether it will get a similar exception to the hold on salary increases, equipment purchases and contracts. Pay restrictions are in place. |
| West Virginia | No furlough. | Hiring freeze but DDS exempt. | |
| Wisconsin | Furlough in place. | No hiring freeze. | The Governor has issued an Executive Order requiring that all State employees take 8 furlough days in each of the next 2 FYs, including the DDS. Details of the implementation of the furlough are still being worked out. The first furlough day is expected to be in October 2009. There is no State-wide hiring freeze in Wisconsin; however, hiring authority is often delayed by the State as the process for gaining approval to post vacancies has become more complex. |
| Wyoming | No furlough. | No hiring freeze. | Agencies can request hiring on a case-by-case basis which must be approved by the Governor's office. The DDS Administrator and Parent Agency have requested authority to hire three positions. |

Other State Budget Issues Affecting Disability Determination Services and Disability Claims Processing

The Social Security Administration’s (SSA) Regional Commissioners and their staffs assisted us in gathering information about State budget issues affecting disability determination services (DDS) and disability claims processing. Table G-1 list issues identified by certain States.

| Table G-1: State Budget Issues Affecting DDSs and Disability Claims Processing | |
|--|--|
| State | Issues Identified by SSA Regions |
| California | The SSA field offices were impacted by the number of calls from current beneficiaries asking questions about budget issues. For the same reason, the teleservice centers were also adversely impacted. |
| Connecticut | The State furlough is having a negative impact on DDS performance. The State has imposed 4 furlough days in Calendar Year 2009 and 3 more in 2010. All furlough days are tied to State holidays when normal leave usage runs high. While this does have an impact, it is minimized as everything but essential services in the State shuts down on the furlough days. |
| Delaware | The State imposed a 2.5-percent pay reduction on employees, including those of the DDS, for Fiscal Year (FY) 2010, which began July 1, 2009. In addition, employees’ health insurance premium payments have increased by 2 percent. Three experienced DDS employees hastened their retirements because they feared possible effects of the recently imposed pay reduction on their pensions. The DDS is not able to hire clerical employees as a result of the State’s budget situation. |
| Florida | The DDS no longer has the authority to grant performance based salary increases; however, increases for additional duties or promotion have not been impacted yet. The 2009 Legislative session removed the DDS from exemption of additional budget oversight, which may, in the future, prevent or delay salary increases for promotions/added duties and may possibly restrict future hiring (that is, in FY 2011). |
| Georgia | The cost-of-living increase originally scheduled for January 2009 was rescinded (before it was implemented). |
| Illinois | Hiring freeze but DDS exempt. Additionally, since July 1, 2009, DDS management staff scheduled for annual evaluation and raises have not received any increase. All management increases are currently frozen. |
| Kansas | The attrition rate remains very high, especially for examiner and management positions (losing some of their more experienced staff to SSA, Veterans Affairs, and other better paying jobs), partly due to the fact that there has been no change in their salary schedule (no step increases and minimal cost of living increases). |

Table G-1: State Budget Issues Affecting DDSs and Disability Claims Processing

| State | Issues Identified by SSA Regions |
|-------------|---|
| Maine | One-third of the DDS staff is subject to a State furlough. There are 10 shutdown days in each of FYs 2010 and 2011. This, along with hiring and pay freezes, limits or reduces the DDS' ability to provide prompt determinations. |
| Maryland | <p>The State applied the following provisions to its employees, including those of the DDS, between January 14 and June 30, 2009:</p> <ul style="list-style-type: none"> (a) All employees were required to forego the equivalent of 2 days' pay. (b) Employees earning \$40,000 to \$59,999 had to take 16 furlough hours in addition to the aforementioned reduction of 2 days' pay. (c) Employees earning \$60,000 or more had to take 24 furlough hours in addition to the aforementioned reduction of 2 days' pay. <p>The State applied, effective August 26, 2009, both pay reductions and furlough days on State employees for FY 2010, which began on July 1, 2009.</p> <ul style="list-style-type: none"> (a) As of August 28, 2009, DDS employees are exempt from having to take furlough days. (b) DDS employees are subject to the following pay reductions. <ul style="list-style-type: none"> • Employees earning \$39,999 or less will experience a temporary pay reduction equivalent to 3 days' pay. • Employees earning \$40,000 or more will experience a temporary pay reduction equivalent to 5 days' pay. <p>The pay reductions will be apportioned over 20 pay periods beginning with the pay period on September 23, 2009 and ending June 29, 2010.</p> |
| Michigan | While State DDS disability examiners and medical consultants were exempted from furloughs, all other DDS staff had to take 6 specified furlough days in FY 2009. Furlough days have complicated the State's productivity efforts. The State has put into place a Workload Emergency to allow managers to do bargaining unit work under its Collective Bargaining Agreement with represented staff. Mandatory overtime has been put into place. Such measures mitigate the impact of the furlough days, but these measures would likely have been put into place to address the increasing initial claims workload, even had there been no furloughs. While the State is on pace to complete its budgeted workload, receipts far outpace the budgeted workload. |
| Mississippi | <p>There could be an increase in attrition and/or retirements because of restrictions imposed by the State Legislature. Language was placed in the Agency's Appropriation Bill for FY 2010 by the State Legislature that prohibits pay increases for reclassifications and restricts pay increases for promotions. According to the DDS, reclassification of the examiner position is essential for staff retention and recruitment.</p> <p>Retention and recruitment are the issues of greatest concern with regard to human resources. The following language was placed in each Agency's Appropriation Bill and includes those components receiving Federal funding: "Unless otherwise authorized in this act, no State agency shall take any action to promote or otherwise award salary increases through reallocation, reclassification, realignment, educational benchmark, career ladder, equity salary adjustment, or any other means to increase salaries of employees or positions..."</p> |

Table G-1: State Budget Issues Affecting DDSs and Disability Claims Processing

| State | Issues Identified by SSA Regions |
|----------------|---|
| Nebraska | <p>As of October 2009, the State Legislature requires any State agency verify the legal residency status of anyone applying for public benefits. If the attestation form is not obtained, the DDS cannot process the claim. Obtaining a signed attestation from every applicant will inevitably add to case processing time, and in some cases, will delay the effectuation of an otherwise completed determination. SSA's Office of General Counsel sent a letter to the DDS indicating this law does not pertain to the DDS since the DDS makes medical determinations on behalf of SSA for federal benefit programs, not State benefits. SSA verifies residency status in the process of determining eligibility for federal benefits.</p> |
| New Jersey | <p>The State DDS staff will be subject to 10 furlough days to be taken between July 2009 and June 2010. Eight of those days will be self-directed. The remaining 2 days will occur on the days following Thanksgiving and President's Day. A 3.5-percent pay raise scheduled for July 2009 has been delayed until January 2011.</p> <p>In any week in which a staff member has taken a furlough day(s), overtime will be permitted to be worked only up to the number of furlough hours taken. Furthermore, those hours will be compensated as straight-time rather than time and one-half pay.</p> <p>The New Jersey State Legislature enacted an Early Retirement Incentive package in Calendar Year 2008, resulting in the loss of 16 experienced staff members including the Director of Operations. Additionally, the discontent caused by the furloughs may be contributing to some employees' decisions to retire this FY.</p> <p>The State established a Paid Leave Bank that has credited every employee with 7 days of paid leave. Those days may be used in lieu of vacation days and may be carried over indefinitely. While there is no cost to the employee, SSA will be paying for the additional time off through the DDS operating budget.</p> <p>Travel expenses incurred by trainees have been delayed since July 2009. Some State checks bounced after overnight travelers presented them for payment to hotels. Funds have subsequently been made available for payment.</p> |
| New York | <p>There has not been a decrease in pay to DDS staff; however, certain management officials did not receive scheduled pay increases.</p> |
| North Carolina | <p>All State employees received a 0.5 percent reduction in pay based on their annual salary for the months of May and June 2009, which was split between the 2 months. In exchange for this reduction in pay, employees were given 10 hours of paid "furlough" leave to be taken anytime (based on supervisor approval) between June and December 31, 2009. This action impacted approximately 520 DDS staff employed as of June 2009, and will result in around 5,200 hours of leave being taken between June and December 2009. The estimated productivity loss resulting from the additional leave to be taken has been determined to equate to approximately 2.5 full time positions.</p> <p>The DDS hiring process is more cumbersome because of the need to obtain "freeze releases" to fill positions not deemed "critical." The DDS has, however, received approval to designate DDS specialists/examiners, as well as Medical and Psychological Consultants, as "critical" and has therefore been able to recruit and hire for these positions. Also, the DDS has been able to obtain an exception to fill positions not on the "critical" list.</p> |
| Ohio | <p>All employees are subject to 10 furlough days in FYs 2010 and 2011, so they receive less pay than they would have had there been no furlough. While the DDS remains productive, time lost to furlough days is definitely making it more difficult for the DDS to process its budgeted workload.</p> |

Table G-1: State Budget Issues Affecting DDSs and Disability Claims Processing

| State | Issues Identified by SSA Regions |
|--------------|--|
| Oregon | <p>In FY 2009, DDS managers were subject to furloughs.</p> <p>In FY 2010, it is anticipated the union will ratify a contract that calls for the closure of State offices, including the DDS, for 7 work days. In total for this period, those making \$3,100 per month and above (all journey level adjudicators and managers) will be subject to 14 furlough days, which includes the 7 days the DDS will be closed. Those below that pay range will have a total of 10 furlough days, again with 7 accounted for by the DDS closure. Increased hiring and overtime could offset the impact of these furloughs.</p> |
| Pennsylvania | <p>DDS employees received one partial paycheck and missed one entire paycheck at the beginning of the FY, which began on July 1, 2009. They have received the pay they missed and are now being paid regularly.</p> <p>Three DDS employees hired from other State agencies returned to those agencies because of the budget uncertainty at the beginning of FY 2010, which did not apply to those other State agencies.</p> <p>The DDS, while not subject to a general hiring freeze, had to postpone clerical hiring because of potential layoffs in other State agencies. The DDS will have to give qualified clerical employees in such agencies priority consideration for positions in the DDS.</p> |
| Puerto Rico | <p>There have not been any decreases in pay. However, in January 2009, the Commonwealth implemented a freeze on hiring, promotions (including career ladder), and pay increases. Additionally, payment for unused sick leave was suspended in February 2009, resulting in increased sick leave usage.</p> <p>In March 2009, programs were announced for a Voluntary Permanent Reduction in Work Schedule, and a Program for Voluntary Resignation with Incentives. Two DDS employees took advantage of the resignation package; however, no one in the DDS took advantage of the work schedule reduction program. In June 2009, two experienced staff members took advantage of early retirement incentives that were offered by the Commonwealth.</p> <p>In December 2008, SSA took over payments for the DDS' medical consultants, consultative examination providers, and certain medical evidence of record providers. This action was taken in response to the Department of the Treasury's failure to issue payments to these individuals and entities on a timely basis. The delayed payments affected the DDS' ability to process cases in a timely manner as it impacted the production of the medical consultants; made it more difficult to schedule consultative examinations; and hindered their attempts to collect medical evidence of record in a timely manner. This process remains in effect pending a detailed action plan from the DDS's parent agency. To date, over \$4 million has been sent to the Office of Finance for payment.</p> |
| Rhode Island | <p>The State announced a 12-day furlough program that is expected to include the DDS. Negotiations are in process that may avert this action. Any furlough will have a serious impact on the DDS, as there is already a shortage of staff due to years of hiring restrictions. The DDS case processing time and pending levels are already suffering despite ongoing, significant Federal assistance.</p> |

Table G-1: State Budget Issues Affecting DDSs and Disability Claims Processing

| State | Issues Identified by SSA Regions |
|--------------|---|
| Tennessee | <p>The DDS has not been able to secure raises for its staff (including cost of living raises). Also, it has been unable to secure upgrades/reclassifications for its clerical staff that have been pending for several years and were necessitated by implementation of SSA's electronic disability folder.</p> <p>The State has cut its workforce in many "support" areas and requests for support are sometimes delayed, such as with the ordering of supplies, personnel transactions, repairs to audio-visual equipment, etc.</p> |
| Vermont | <p>Budget-related changes in the State's hiring approval process, provisions for rehiring reduction in force employees, and the requirements of the early retirement incentive legislation have contributed to the slowing of the DDS hiring process. This is one factor contributing to the growth of DDS case backlogs and case processing delays.</p> |
| Washington | <p>DDS employees will not receive a previously negotiated cost of living increase.</p> |
| Wisconsin | <p>There will be a deduction in pay for non-exempt staff beginning September 2009 to account for the upcoming 8 furlough days. Exempt staff will have the deduction when they take a furlough day. Mandatory overtime was implemented effective August 24, 2009 to handle the backlog and pending claims.</p> |

Budget Website Information by State

Table H-1 lists Website resources for State budgets as of September 14, 2009.

| Table H-1: Budget Website Information by State as of September 14, 2009 | |
|--|---|
| State | Website |
| Alabama | http://budget.alabama.gov/ |
| Alaska | http://www.gov.state.ak.us/omb/ |
| Arizona | http://www.ospb.state.az.us/ |
| Arkansas | http://www.arkansas.gov/dfa/budget/budget_index.html |
| California | http://www.ebudget.ca.gov/ |
| Colorado | http://www.colorado.gov/cs/Satellite?c=Page&cid=1193823054606&pagename=GovRitter%2FGOVRLayout |
| Connecticut | http://www.ct.gov/governorrell/cwp/view.asp?A=1317&Q=425180 |
| Delaware | http://budget.delaware.gov/fy2010/budget2010.shtml |
| District of Columbia | http://cfo.dc.gov/cfo/cwp/view,a,1321,q,589949,cfoNav,%7C33210%7C.asp |
| Florida | http://www.myflorida.com/ |
| Georgia | http://www.opb.state.ga.us/ |
| Hawaii | http://hawaii.gov/budget/ |
| Idaho | http://legislature.idaho.gov/budget/index.htm |
| Illinois | http://www.state.il.us/budget/ |
| Indiana | http://www.in.gov/sba/index.htm |
| Iowa | http://www.iowa.gov/ |
| Kansas | http://www.kansas.gov/KanView/ |
| Kentucky | http://osbd.ky.gov/default.htm |
| Louisiana | http://doa.louisiana.gov/OPB/state-budget.htm |
| Maine | http://www.maine.gov/governor/baldacci/policy/budget/index.html |
| Maryland | http://dbm.maryland.gov/agencies/operbudget/Pages/2010OperatingBudgetDocuments.aspx |
| Massachusetts | http://www.mass.gov/?pageID=afsubtopic&L=4&L0=Home&L1=Budget%2c+Taxes+%26+Procurement&L2=State+Budget&L3=FY2010+Budget+Information&sid=EOaf |
| Michigan | http://www.michigan.gov/budget/ |
| Minnesota | http://www.doer.state.mn.us/fin/budget |
| Mississippi | http://www.dfa.state.ms.us/ |
| Missouri | http://oa.mo.gov/bp/execbudgets.htm |
| Montana | http://budget.mt.gov/execbudgets/default.mcp |
| Nebraska | http://www.budget.state.ne.us/ |

Table H-1: Budget Website Information by State as of September 14, 2009

| State | Website |
|----------------|---|
| Nevada | http://open.nv.gov/OpenGov/ViewBudgetSummary.aep |
| New Hampshire | http://admin.state.nh.us/budget/ |
| New Jersey | http://www.njleg.state.nj.us/legislativepub/finance.asp |
| New Mexico | http://budget.nmdfa.state.nm.us/content.asp?CustComKey=201583&CategoryKey=201584&pn=Page&DomName=budget.nmdfa.state.nm.us |
| New York | http://www.budget.state.ny.us/ |
| North Carolina | http://www.osbm.state.nc.us/ncosbm/budget/index.shtm |
| North Dakota | http://www.nd.gov/fiscal/budget/state/ |
| Ohio | http://obm.ohio.gov/SectionPages/Budget/FY1011/ExecutiveBudget.aspx |
| Oklahoma | http://www.ok.gov/OSF/Budget/index.html |
| Oregon | http://www.oregon.gov/DAS/BAM/GRB0911intro.shtml |
| Pennsylvania | http://www.budget.state.pa.us/portal/server.pt/community/office_of_the_budget_home/4408 |
| Puerto Rico | http://www.gobierno.pr/gprportal/inicio |
| Rhode Island | http://www.budget.ri.gov/CurrentYear/GovernorsBudget.php |
| South Carolina | http://www.budget.sc.gov/OSB-about.phtm |
| South Dakota | http://www.state.sd.us/bfm/overview.htm |
| Tennessee | http://tennessee.gov/finance/bud/bud0910/10publications.html |
| Texas | http://governor.state.tx.us/bpp/ |
| Utah | http://www.governor.utah.gov/budget/default.html |
| Vermont | http://finance.vermont.gov/state_budget/rec |
| Virginia | http://dpb.virginia.gov/budget/budget.cfm |
| Washington | http://fiscal.wa.gov/Budgets.aspx |
| West Virginia | http://www.wvbudget.gov/ |
| Wisconsin | http://www.doa.state.wi.us/debf/execbudget.asp?locid=3 |
| Wyoming | http://ai.state.wy.us/budget/index.asp |

Cuts to Programs for Public Health and the Elderly and Disabled

According to the Center on Budget and Policy Priorities,¹ at least 27 States have implemented cuts in public health programs—such as Medicaid or the Children’s Health Insurance Program (CHIP)—that will restrict low-income children’s or families’ eligibility for health insurance or reduce their access to health care services. Additionally, at least 24 States and the District of Columbia are cutting medical, rehabilitative, home care, or other services needed by low-income individuals who are elderly or have disabilities, or they are significantly increasing the costs of these services.² The National Conference of State Legislatures also compiled a list of measures, both proposed and enacted, that States took or were considering about health care to close their budget gaps.³ Table I-1 shows these States and the program cuts they implemented.

| Table I-1: State Cuts to Programs for Public Health and the Elderly and Disabled | | |
|---|--|---|
| State | Medicaid and Other Public Health Programs | Programs for the Elderly and Disabled |
| Alabama | | Ended homemaker services for approximately 1,100 older adults. These services often allow the elderly to stay in their own homes and avoid nursing home care. |

¹ The Center on Budget and Policy Priorities is a non-partisan, nonprofit research organization that works at the federal and state levels on budget priorities, tax policy, and public programs and policies that affect low-income and moderate-income families and individuals.

² Center on Budget and Policy Priorities, *An Update on State Budget Cuts*, September 3, 2009.

³ National Conference of State Legislatures, *FY 2010 Actions and Proposals to Balance the Budget: Health Care*, found at <http://www.ncsl.org/?tabid=17245>.

Table I-1: State Cuts to Programs for Public Health and the Elderly and Disabled

| State | Medicaid and Other Public Health Programs | Programs for the Elderly and Disabled |
|----------------------|---|--|
| Arizona | <p>Reduced its Medicaid rolls by requiring that some adult beneficiaries reapply for benefits more frequently. (Research has shown added paperwork requirements cause many eligible people to lose coverage.)</p> <p>Cut funding for community health centers and vaccines and suspended funding for the children's rehabilitative services program, affecting 4,700 children with chronic or disabling conditions.</p> | <p>Eliminated temporary health insurance for people with disabilities who have serious medical problems. The State also eliminated general assistance, a program designed to provide time-limited cash assistance to adults with physical or mental disabilities. In addition, in February 2009, the State eliminated independent living supports for 450 elderly residents and respite care funding for 130 caregivers. It also established a waiting list for vocational rehabilitation services, affecting 2,100 disabled individuals.</p> <p>The Department of Health Services will cut the number of free HIV/AIDS medications given to poor and uninsured patients. Essential medications will still be covered.</p> |
| California | <p>Cut \$1.3 billion from the State's Medi-Cal program budget.</p> <p>Medi-Cal will no longer pay for certain optional benefits, such as dental services.</p> <p>Froze enrollment in the CHIP program – Healthy Families. The program has over 33,000 children on its waiting list. Overall, the Healthy Families program budget was reduced by \$178.6 million—a 44 percent reduction from the prior year.</p> | <p>Capped or reduced funding for programs that serve people who have disabilities or are elderly.</p> |
| Colorado | <p>Cut payments to doctors who treat Medicaid patients.</p> | <p>Cut \$15 million from health clinics that mostly serve the uninsured.</p> |
| Connecticut | <p>Cut \$4.5 million from State programs by changing the definition of what is medically necessary in 2011.</p> | |
| District of Columbia | | <p>Capped or reduced funding for programs that serve people who have disabilities or are elderly.</p> |
| Florida | <p>Enacted cuts in Medicaid or CHIP.</p> | <p>The State also cut Medicaid reimbursements to hospitals and community-based services for the elderly, such as meals and homemaker services.</p> |

Table I-1: State Cuts to Programs for Public Health and the Elderly and Disabled

| State | Medicaid and Other Public Health Programs | Programs for the Elderly and Disabled |
|---------------|--|--|
| Georgia | Enacted cuts in Medicaid or CHIP. | Reduced such programs for the elderly as Alzheimer services, elder service centers, prescription drug assistance, and elder support |
| Idaho | Enacted cuts in Medicaid or CHIP. | |
| Illinois | Cut \$600 million from Medicaid. | |
| Kansas | | Capped or reduced funding for programs that serve people who have disabilities or are elderly. |
| Louisiana | Reduced payments to Medicaid providers by \$86 million. | Capped or reduced funding for programs that serve people who have disabilities or are elderly. |
| Maine | Enacted cuts in Medicaid or CHIP. | Capped or reduced funding for programs that serve people who have disabilities or are elderly. |
| Maryland | Enacted cuts in Medicaid or CHIP. | Capped or reduced funding for programs that serve people who have disabilities or are elderly. |
| Massachusetts | Enacted cuts in Medicaid or CHIP. | The Governor ordered cuts in programs for elderly, including home care, geriatric mental health services, and prescription drug assistance. |
| Michigan | Dropped coverage of dental and/or vision services for adult Medicaid beneficiaries. | Capped or reduced funding for programs that serve people who have disabilities or are elderly. |
| Minnesota | Eliminated funding for its General Assistance Medical Care program, which provides health care to 29,500 low-income persons between ages 21 and 64 who have no dependent children and do not qualify for Federal health care programs. | Capped enrollment at current levels for a program that provides expanded health services and care coordination for people with disabilities. |
| Missouri | Enacted cuts in Medicaid or CHIP. | Capped or reduced funding for programs that serve people who have disabilities or are elderly. |
| Nevada | Proposed reducing Medicaid eligibility for the elderly and disabled. Dropped coverage of dental and/or vision services for adult Medicaid beneficiaries. | |
| New Hampshire | Enacted cuts in Medicaid or CHIP. | |
| New Jersey | Enacted cuts in Medicaid or CHIP. | |

Table I-1: State Cuts to Programs for Public Health and the Elderly and Disabled

| State | Medicaid and Other Public Health Programs | Programs for the Elderly and Disabled |
|----------------|---|--|
| New Mexico | | Cut cash assistance payments for low-income disabled residents by a third. The State provides these payments to an average of 2,100 disabled individuals each month who cannot work and are not eligible for Temporary Assistance to Needy Families. |
| New York | Enacted cuts in Medicaid or CHIP. Enacted limits to Medicaid drug therapy and required doctors to use less expensive drug treatments. | |
| North Carolina | Cut \$76 million from Medicaid. | Community support services cut by \$65 million and group home funding cut by \$15.9 million. |
| Ohio | Cut 3 percent from State payments to Medicaid providers. | Cut local mental health agency funding by \$190 million. Cut home-based health care for the elderly by \$68 million. |
| Oregon | | Hospitals will be taxed 4 percent and insurers at 1.5 percent to pay for adding 80,000 uninsured children and 35,000 uninsured adults to the Oregon Health Plan. |
| Pennsylvania | | Capped or reduced funding for programs that serve people who have disabilities or are elderly. |
| Rhode Island | Reduced the maximum income level at which parents can receive public health insurance to 175 percent of the Federal poverty line from 185 percent, eliminating coverage for approximately 1,000 parents. Over 7,800 other low-income families are paying higher monthly premiums for public health insurance. | Low-income elderly must pay higher rates for subsidized adult day care. This is estimated to affect more than 1,200 elderly with incomes below \$20,000. |
| South Carolina | Enacted cuts in Medicaid or CHIP. | Capped or reduced funding for programs that serve people who have disabilities or are elderly. |
| South Dakota | Cut Medicaid and related programs by 3.1 percent. | |

Table I-1: State Cuts to Programs for Public Health and the Elderly and Disabled

| State | Medicaid and Other Public Health Programs | Programs for the Elderly and Disabled |
|------------|--|--|
| Tennessee | Enacted cuts in Medicaid or CHIP. | Reduced community-based services for people with intellectual disabilities and cut nursing services for some adults with serious disabilities. |
| Utah | Cut Medicaid funding for physical, occupational, and speech and hearing therapy services for adults – as well as Medicaid provider rates for hospitals, skilled nursing, and dentists. Also dropped coverage of dental and/or vision services for adult Medicaid beneficiaries. | Capped or reduced funding for programs that serve individuals who have disabilities or are elderly. |
| Vermont | | Reduced some home-based services, such as housekeeping and shopping, for people who are elderly or disabled. Such services help people stay in their own homes and possibly delay or avoid more expensive nursing home care. |
| Virginia | | Decreased reimbursements for special hospitals serving individuals with needs relating to mental health, mental retardation, or substance abuse. The State also reduced pass-through grants for various aging programs and funding for local mental health providers. |
| Washington | Increased premiums by an average of 70 percent for a health plan serving low-income residents. Premiums for the poorest plan members—those earning up to 125 percent of the poverty line—will double. The premium increase is expected to cause between 7,000 and 17,000 enrollees to leave the program. | Cut \$225 million by reducing services under the basic health plan for the poor and stopped enrollments in the plan. As a result, 40,000 residents lost coverage. Capped or reduced funding for programs that serve the disabled or elderly. Enacted cuts to nursing home daily rates. |
| Wisconsin | Enacted cuts in Medicaid or CHIP. | |
| Wyoming | Enacted cuts in Medicaid or CHIP. | |

Other State Budget Issues Affecting Disability Beneficiaries and Recipients

The Social Security Administration’s (SSA) Regional Commissioners and their staffs assisted us in gathering information about State budget issues affecting disability beneficiaries and recipients. Table J-1 lists issues identified by certain States as of September 2009.

| Table J-1: Other State Budget Issues Affecting Disability Beneficiaries and Recipients | |
|--|---|
| State | Issues |
| California | <p>The State’s Medi-Cal program will no longer pay for the following benefits and services for most adults: dental, speech therapy, podiatric, audiology, chiropractic, acupuncture, optometric, optician, and psychological services.¹</p> <p>The State proposed limiting In Home Support Services to only the most severely ill and lowering the State’s share of In Home Support Service worker pay to \$8.00 per hour.</p> |
| Colorado | <p>The State terminated its Aid to the Needy and Disabled program—an interim assistance program that required recipients to apply for Supplemental Security Income (SSI) payments. The assistance provided by this program would terminate upon the receipt of an SSI payment.</p> |
| Illinois | <p>State budget issues may impact Ticket to Work and/or Vocational Rehabilitation services. The Department of Human Services, Division of Rehabilitation Services, made arrangements for the Coalition of Citizens with Disabilities in Illinois to serve as the Work Incentives Planning and Assistance Organization for portions of the State. Since this arrangement was made, funding within the State has been reduced due to the State’s budgetary crisis. As a result of these funding cuts, all employees of the Coalition were laid off, at least temporarily, as of July 16, 2009. The Division of Rehabilitation Services is dealing with the impact and contracting issues with SSA as they relate to the Work Incentive Planning and Assistance activities. Additional layoffs to State employees, potentially including Vocational Rehabilitation, may occur.</p> |
| Louisiana | <p>The State will impose a limit on the number of Medicaid prescriptions it will cover. This may affect access to prescription drugs for mentally ill or disabled individuals who rely on several medications to manage their conditions.</p> |
| Michigan | <p>The State eliminated optional Medicaid benefits as of July 1, 2009. This included chiropractic services, podiatrist services, hearing aids, eyeglasses, and associated vision and adult dental services.</p> |
| Montana | <p>The State reported an increase in its Medicaid eligibility workload due to increased referrals—resulting in longer waiting times for applicants.</p> |

¹ Beneficiaries under age 21, living in a skilled nursing home, pregnant, or receiving benefits through the California Children’s Services program or through a Program of All-Inclusive Care for the Elderly were excluded from this provision.

Table J-1: Other State Budget Issues Affecting Disability Beneficiaries and Recipients

| State | Issues |
|--------------|---|
| New Mexico | The State cut cash assistance payments for low-income disabled residents by one-third in July 2009. The State provided these payments to an average of 2,100 disabled individuals each month who could not work and were not eligible for Temporary Assistance to Needy Families. |
| Ohio | There will be an impact on State Legal Rights Services, which is a Work Incentives Planning and Assistance Organization and a Protection and Advocacy Agency for Social Security beneficiaries. Like DDS employees, all State Vocational Rehabilitation employees will have to take 10 furlough days during Fiscal Year 2010. A Work Incentives Planning and Assistance Organization in Ohio has started to lay off Community Work Incentive Coordinator staff. |
| Rhode Island | <p>The State raised Medicaid co-payments.</p> <p>Additionally, the State decreased the State supplement effective January 2009 by the amount of the Federal cost of living increase so there was no net gain for recipients.</p> <p>Cuts at the State's Department of Children and Family Services have compromised SSA's ability to effectively manage its programs. Redeterminations and Limited Issue cases are difficult to complete when the Department is the representative payee. The Department is not proactive in filing for Social Security benefits for those in their care who may be entitled. The Department also contributes to creating benefit misuse situations by failing to notify SSA timely when children receiving Social Security benefits or SSI payments come into their care. Benefits continue to be sent to the prior payees who may misuse them rather than return them to SSA.</p> |
| Tennessee | <p>Eligibility requirements for the State Medicaid Spend-Down Program were revised due to budget cuts. Beneficiaries not meeting the new eligibility criteria lost access to health care coverage. Field Offices and Public Affairs Specialists received numerous calls and Congressional inquiries concerning the cuts in the Medicaid Standard Spend Down entitlement. Beneficiaries inquired about other programs to supplement their medical expenses.</p> <p>As a result of a court decision, TennCare² is no longer responsible for paying Medicare Part B premiums for approximately 142,000 beneficiaries. An estimated 5,000 of these beneficiaries reside outside Tennessee. Presently, these beneficiaries/recipients are not eligible for SSI payments but have continued State Medicaid eligibility and are automatically entitled to the Medicare Part D Low Income Subsidy because of a court injunction. Tennessee Field Offices received several calls and visits for explanations regarding Medicare premiums and health care coverage issues.</p> |
| Utah | The State's General Assistance program reduced the entitlement period from 18 to 12 months. This could result in a lapse of benefits for any Social Security case pending longer than 12 months. |
| Vermont | The State contemplated cutting the State supplement by 50 percent of the Federal SSI increase. However, because there will be no Federal SSI increase in 2010, the State will not reduce the State supplement. |

² TennCare is Tennessee's Medicaid program under a managed care model.

Table J-1: Other State Budget Issues Affecting Disability Beneficiaries and Recipients

| State | Issues |
|--------------|--|
| Wisconsin | Vocational Rehabilitation employees will be subject to 4 furlough days in each of federal Fiscal Years 2010 and 2011. These furlough days will be sporadic and linked to federal holidays (Columbus Day, the day after Thanksgiving, Presidents' Day, and the Friday before Memorial Day), so the direct impact on service will not be as severe as it could have been had these days been concurrent. |

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For additional copies of this report, please visit our web site at www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-01-10-11006.

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Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

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OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.