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United States Government Accountability Office
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The Honorable Sam Johnson
Chairman
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Thank you for the opportunity to testify before the Committee on Ways and Means, Subcommittee on Social Security, on September 14, 2012, during the hearing on "Securing the Future of the Disability Insurance Program." The attached enclosures include GAO's response to the subcommittee's questions for the record. If you have any questions, please contact me at (202) 512-7215.

Sincerely yours,

A handwritten signature in black ink that reads "Daniel Bertoni". The signature is written in a cursive, flowing style.

Daniel Bertoni, Director
Education, Workforce,
and Income Security Issues

Enclosure

Enclosure 1

1. GAO's report concludes that assistive devices and workplace accommodations can play a critical role in an individual's ability to function in the work environment. Tell us more about your conclusions and how they might affect the determination process for disability benefits?

That assistive devices and workplace accommodations can play a critical role in an individual's ability to function in the work environment is widely accepted and consistent with a modern concept of disability. According to the Institute of Medicine, during the past 50 years, conceptual models of disability have evolved to conceive of disability as an outcome of the interaction between specific individuals with health conditions and the environments in which they find themselves. The ability to work, for example, results from the interaction of individuals' impairments, functional limitations resulting from the impairments, assistive technologies to which they may have access, and attitudinal and other personal characteristics (such as age, education, skills, and work history) with the physical and mental requirements of potential jobs, accessibility of transportation, attitudes of family members and coworkers, and willingness of an employer to make accommodations. This perspective—that disability is the interaction of health conditions and contextual factors, such as products and technology, attitudes, and services, on an individual's functional capacity, rather than solely a medical or biological issue—is also reflected in the International Classification of Functioning, Disability and Health (ICF) framework adopted by the World Health Organization (WHO).¹

The Social Security Administration's (SSA) current disability determination process considers assistive devices to a limited extent and does not consider workplace accommodations at all:

- We reported that assistive devices are incorporated into SSA's medical listings (used as criteria at step 3 of its decisionmaking process) once these devices become standard in the medical community—a threshold that SSA officials described as generally involving some combination of availability, accessibility, and insurance coverage. Further, SSA officials told us that, at steps 4 and 5 of the decisionmaking process, adjudicators will look at the level of function a claimant has after following medical advice (such as after using medically prescribed assistive devices). However, SSA officials also told us they currently do not have an easy way to evaluate when or the extent to which people in wheelchairs or using other assistive devices or accommodations are allowed benefits, because this information is not captured in electronic form.
- Regarding workplace accommodations specifically, SSA officials said their policy is to not consider them in the disability determination process for several reasons: (1) the inability to ensure that workplace accommodations are provided by employers, (2) the inability to assess the effectiveness of workplace accommodations for claimants, (3) expanding the scope of individualized assessments would exacerbate resource constraints, and (4) data on the availability and use of workplace accommodations are lacking.

¹The ICF is the WHO's framework for measuring health and disability at both individual and population levels. The ICF was officially endorsed by all WHO Member States in the Fifty-fourth World Health Assembly on 22 May 2001.

Opportunities may exist for SSA to further consider the implications of assistive devices and workplace accommodations in the disability decisionmaking process. For example:

- SSA is sponsoring longer term research through the National Institutes of Health (NIH) to develop an automated tool that would allow SSA adjudicators to quickly, consistently, and comprehensively assess the effects of a medical condition on a claimant's functional abilities and work capacity. According to NIH researchers, they plan to consider the use of common personal assistive devices, such as wheelchairs, in developing the tool.
- The occupational information system (OIS) currently being developed by SSA may provide an opportunity to collect information on workplace accommodations and incorporate it into the disability determination process, and experts we spoke with agreed that information on workplace accommodations would be immensely useful to include in the OIS. Given the lack of information on the availability of workplace accommodations and challenges associated with incorporating this information into its decisionmaking process, we recommended that SSA conduct limited, focused studies on the availability of assistive devices and workplace accommodations and the effects of considering them more fully in its disability determinations.

2. What specific changes do you believe need to occur in the Disability Insurance (DI) program for it to catch up with worldviews on disability?

Our report outlined actions SSA has taken or should take to remedy out-of-date medical listings and occupational information that SSA systematically relies on in its decisionmaking process. These actions are critical for ensuring that SSA's decisionmaking process is consistent with current medicine, technology, and demands of today's work economy.

Beyond updating criteria, we also identified initial steps SSA has taken toward incorporating a more modern concept of disability in its disability determination process, although many of these efforts are ongoing and more work remains. For example, we found that SSA has been incorporating more functional assessment into recent revisions of the medical listings, and plans to continue such efforts. Further, SSA has had an interagency agreement with the NIH since 2008 that has resulted in research to help SSA further modernize the DI program. As described above, the automated tool NIH is developing would allow SSA adjudicators to assess the effects of a medical condition on a claimant's functional abilities and work capacity. This tool is still under development. SSA officials said that, while they have not yet determined when or how the tool will be integrated into the disability determination process, they expect to pilot the functional assessment tool after all relevant testing and validation is completed, which will likely be by 2016. NIH also reviewed SSA medical listings and key forms used in the disability application and determination processes. They found a lack of information on the influence of health conditions and impairment on human functioning in nearly one-half of 14 body systems and major gaps in how well forms capture information on claimant functional activity. NIH concluded that these gaps need to be addressed in order to characterize individual functioning more comprehensively in relationship to the demands of the workplace. SSA indicated it intends to make related improvements to its process and has asked the Institute of Medicine to plan an international symposium focused on how best to use and assess function in the disability determination process. SSA also plans to issue a Federal Notice of Solicitation of Collaboration from federal agencies in developing a standard for coding functional capacity in federal disability programs.

Although these steps are promising, SSA has not fully incorporated consideration of assistive devices and workplace accommodations in its assessment of disability. We noted

in our report that, while giving broad consideration of assistive devices and workplace accommodations may be difficult to incorporate into the current disability criteria and process, some opportunities exist for SSA to move further in this direction. For example, in the process of developing its new occupational information system, SSA may be able to collect some limited information on workplace accommodations, such as whether a worker in a particular occupation would have the option to sit or stand while working. In addition, SSA could collect information on workplace accommodations through its new Disability Research Consortium. As noted above, to help ensure that SSA's disability decisions are as equitable and consistent with modern views of disability as possible, we recommended that SSA conduct limited, focused studies on the feasibility of more fully considering assistive devices and workplace accommodations in its disability determinations. By conducting studies on this issue, SSA would be in a better position to thoughtfully weigh the costs and benefits of these various policy options before deciding on an appropriate course of action.

3. The Administration has asked Congress to reauthorize for five years the section 234 demonstration authority for DI, which allows for the use of trust fund monies to conduct various demonstration projects and would broaden that authority to test alternative methods of treating work activity by DI beneficiaries. Does the SSA have the management controls to ensure that such demonstration projects yield reliable information for making policy decisions? How can the SSA be held accountable for successful performance moving forward?

We answered a similar question following a September 23, 2011, hearing before the Committee on Ways and Means, Subcommittees on Social Security and Human Resources, on Work Incentives in Social Security Disability Programs. We have attached the response for your reference (see enclosure 2).

Although GAO has not conducted the additional work necessary to provide a more up-to-date answer to this question, in 2004, we suggested some actions that Congress may consider taking to facilitate close congressional oversight and provide greater assurance that SSA will make effective use of its DI demonstration authority.² As Congress considers the Administration's request to reauthorize the section 234 demonstration authority, it may wish to consider our previously suggested actions:

- Continue to provide DI demonstration authority to SSA on a temporary basis but allow SSA to complete all projects that have been initiated prior to expiration of this authority. This would provide SSA with greater certainty and stability in its efforts to plan and conduct demonstration projects while preserving the Congress' ability to periodically reassess and reconsider SSA's overall use of DI demonstration authority.
- Require that SSA periodically provide a comprehensive report to the Congress summarizing the results and policy implications of all of its DI demonstration projects. Such reports could serve as a basis for the Congress' assessment of SSA's use of its demonstration authority and its consideration of whether this authority should be renewed.
- Establish reporting requirements that more clearly specify what SSA is expected to communicate to the Congress in its annual reports on DI demonstrations. Among

²GAO, *Social Security Disability: Improved Processes for Planning and Conducting Demonstrations May Help SSA More Effectively Use Its Demonstration Authority*, GAO-05-19 (Washington, D.C.: Nov. 4, 2004).

such requirements could be a description of all SSA projects that the SSA Commissioner is considering conducting or is conducting some preliminary work on. For each demonstration project that the agency is planning or conducting, SSA should provide clear information on the projects' specific objectives, potential costs, key milestone dates (e.g., actual or expected dates for RFP, award of contracts or grants, start of project operations, completion of operations, completion of analysis, and final report), potential obstacles to project completion, and the types of policy alternatives that SSA might consider pursuing depending on the results of the demonstration. This would provide the Congress with a more complete understanding of the direction and progress of SSA in its efforts to fulfill its DI demonstration requirements.

- More clearly specify the methodological and evaluation requirements for DI demonstrations to better ensure that such projects are designed in the most rigorous manner possible and that their results are useful for answering specific policy questions and for making, where appropriate, well-supported policy recommendations. Such requirements should not be entirely prescriptive given the need for SSA to have sufficient flexibility for choosing the right methodological approach based on the specific circumstances and objectives of a particular demonstration project. However, the requirements could call for SSA to choose, to the extent practical and feasible, the most rigorous methods possible in conducting these demonstrations. Whatever methods are ultimately selected, SSA should be sure that the methods used will allow for a reliable assessment of the potential effect on the DI program of the individual policy alternatives being studied. Finally, SSA's statutory requirements could be revised to include a more explicit list of project objectives—such as assessments of specific employment outcomes, costs and benefits, and Trust Fund savings—similar to the language that was included under Sections 302(b)(1) and (b)(2) of the Ticket to Work and Work Incentives Improvement Act.

Enclosure 2

In 1980 Congress provided the Social Security Administration (SSA) temporary authority to conduct demonstration projects to test the impact of waiving program rules. This authority was extended multiple times and expired in December 2005. The Government Accountability Office (GAO) has released two reports, one in 2004 and the other in 2008, criticizing the agency for its administration of demonstration projects. The President's FY 2012 budget request included a legislative proposal reauthorizing this authority for five years and requiring SSA to test a Work Incentives Simplification Proposal.

Would you further explain GAO's previous findings for us and tell us whether the agency has addressed GAO's concerns?

In September 2008, we reported that SSA had initiated 14 demonstration projects under its authority to test possible DI and SSI policy and program changes.³ At that time, we found SSA had spent about \$155 million on its projects, yet these projects had yielded limited information on the impacts of the program and policy changes they were testing. We also reported that while SSA had taken steps to improve its projects, in part, by applying more rigorous methodologies and contracting with external experts, SSA continued to lack certain management controls, such as written procedures for its project officers to follow as they design, implement, and evaluate its demonstration projects, nor had they fully implemented our recommendations from 2004. We also found that several projects had experienced delays and cancellations, partly because newly appointed officials made significant changes to some projects or determined that because others faced significant limitations or potential challenges it was not in the agency's interest to continue them. Because government operating conditions continually change, we noted that agencies should have mechanisms in place to identify and address any special risks arising from such changes, especially those caused by hiring new personnel to occupy key positions in the agency.⁴ While we acknowledged that certain management actions may have been reasonable, we were concerned that SSA's lack of written policies and procedures governing how such steps should be taken left current and future projects vulnerable to disruption.

To improve SSA's management of its demonstration projects, we recommended that the Commissioner of Social Security establish written policies, procedures, and mechanisms for managing and operating its demonstration projects that are consistent with standard research practices and internal control standards in the federal government, including those for coordinating with internal and external stakeholders and sharing information with Congress. In response, SSA noted existing processes and written procedures for managing and reviewing its programs, including the demonstration project program, and generally agreed with the need to develop a guidebook to assist staff in the design, implementation, and evaluation phases of demonstration projects and the value of piloting demonstration projects before proceeding with full implementation. In May 2011, SSA provided GAO with a copy of its revised "Demonstration Project Guidebook," which outlines the agency's policies, procedures, and mechanisms for managing and operating its demonstrations projects. GAO determined that it was consistent with research practices and GAO standards and that the

³GAO, *Social Security Disability, Management Controls Needed to Strengthen Demonstration Projects*, GAO-08-1053 (Washington, D.C.: Sept. 26, 2008).

⁴GAO, *Standards for Internal Control in the Federal Government*, GAO-AIMD-00-21.3.1., (Washington, D.C.: Nov. 1999).

guidebook addressed our recommendation regarding coordinating with internal and external stakeholders. While SSA has implemented the management controls we recommended, it is vital that the agency continue to monitor the management of these projects to ensure the quality of their performance, and that potential problems are promptly resolved. Without such monitoring, future projects may not yield reliable information similar to some projects in the past.