

# DISABILITY DETERMINATION

## Enabling Laws

Act 327 of 2007  
A.C.A. §20-76-301 et seq.  
Titles II and XVI of the Social Security Act

## History and Organization

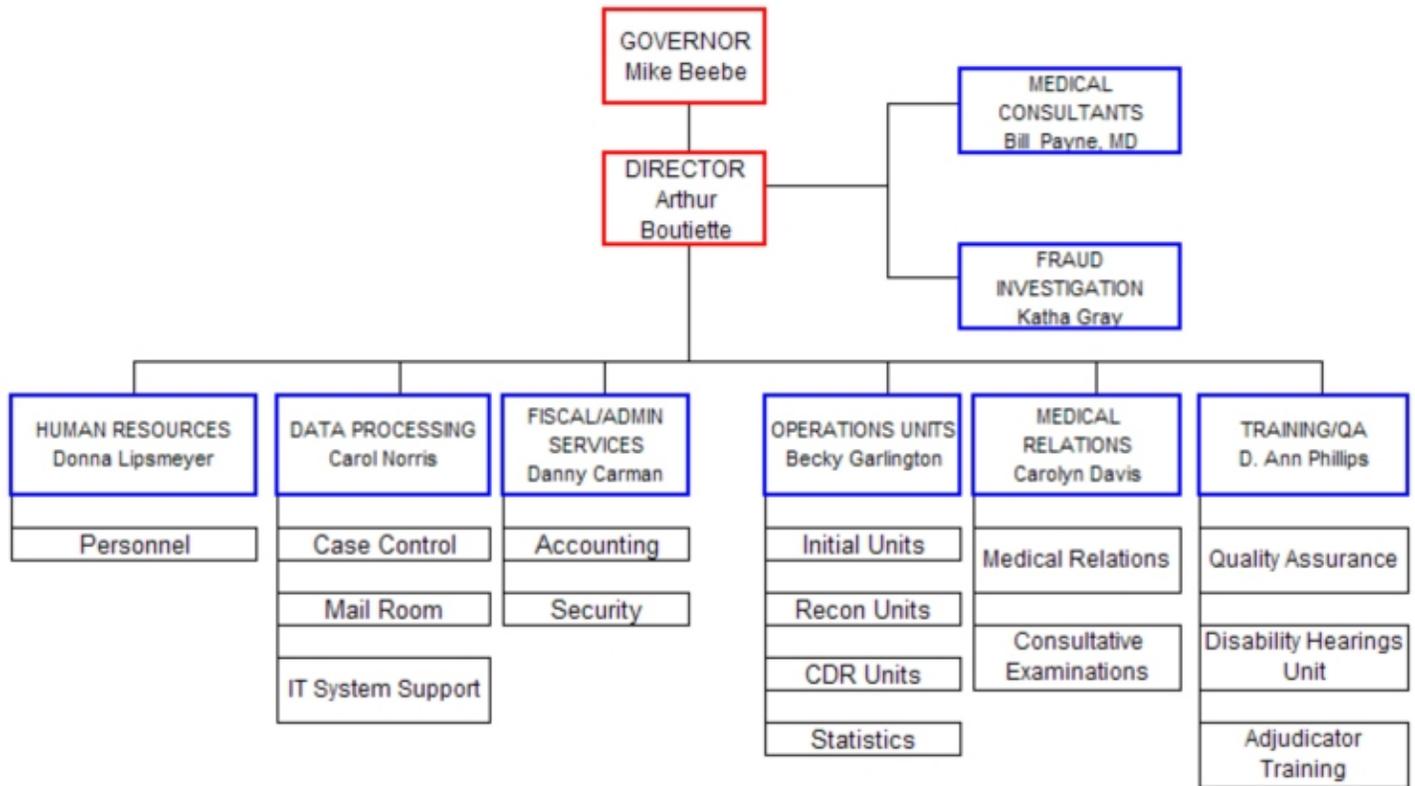
The State Department for Social Security Administration Disability Determination was created by Act 14 of the Second Extraordinary Session of the 1961 Arkansas General Assembly and codified in State law under A.C.A. §20-76-301 et seq. Act 177 of the 1965 Arkansas General Assembly changed the agency title to Disability Determination for Social Security Administration.

The Agency is a department within the executive branch, and accordingly is under the direction of the Chief Executive of the State of Arkansas. The Social Security Administration provides funds to the State of Arkansas to carry out the disability determination and hearing functions for the federal government.

The basic statutory authorities for the Social Security Disability Program are contained in Titles II (Section 221) and XVI (Section 1633) of the Social Security Act. These sections of the Social Security Act were amended by P.L. 95-265 on June 9, 1980, to provide for administration of this state agency by federal regulations rather than by agreement. On January 1, 1984, P.L. 97-445 gave all disability beneficiaries the opportunity for a face-to-face evidentiary hearing before benefits ceased.

The Disability Insurance Program includes two groups of claimants: Title II and Title XVI. Title II claimants are those who have contributed F.I.C.A. taxes on wages for five of the past ten years prior to the date of alleged disability. Title XVI (Supplemental Security Income) claimants are those who have low income and resources, and who are alleging disability. Title II Funds come from the Social Security Trust Fund. Title XVI Funds come from federal revenues.

The Social Security Administration continues to move the disability determination process toward a totally electronic environment. The paper disability folder has been replaced with an electronic file. During the past three years, the Agency's disability process for initial and reconsideration claims has transitioned from a paper process to an electronic process. The Social Security Administration documents the disability application and interview through the Electronic Disability Collection System (EDCS), and the Agency downloads this data into its legacy case processing system. This enables the Agency to access all disability documentation via an interface with EDCS. At the present time, all initial and reconsideration disability claims filed in Arkansas are being processed electronically without a paper file. The electronic business process has been expanded through the use of the electronic disability folder and electronic medical evidence. Social Security continues to expand this process and will eventually include continuing disability reviews and hearings adjudicated by the Agency. In 2008, Social Security provided software and faxing procedures that allow medical entities to electronically transmit medical records directly to the Electronic Disability Collection System thereby reducing the processing time for gathering medical information on disability claims.



## **Agency Commentary**

The Social Security Administration (SSA) has created an infrastructure to support a totally paperless disability process. New technologies are constantly being incorporated into the electronic system, and the entire business process for disability adjudication by this Agency is being revised. New tools, equipment, and software have been required. The process for requesting and receiving medical evidence now integrates fax and imaging capability. Secure transmission standards are required for receiving medical records. Paper medical reports must be scanned into an electronic file. Employees have been added to the staff to perform and monitor the scanning operations. Medical sources are encouraged to send more medical evidence electronically. This requires extensive activity in the medical community by Agency professional relations staff. There must be staffing for user training for the Agency and time allowed for adjudicators, medical consultants, systems and other support staff to participate in required training. As the electronic process is implemented in this Agency, many job duties must change and additional staff is needed in key areas. Ergonomic issues must be addressed by providing employees with appropriate furniture and equipment needed for constant computer use.

The 2009 - 2011 Biennial Budget Request has been designed to allow the Agency to continue to pursue the expansion of electronic health records and electronic transmissions. Accordingly, in addition to Base Level the Agency requests the continuation of seventeen (17) Miscellaneous Federal Grant (MFG) positions as well as the restoration of thirty four (34) positions that are authorized but not budgeted.

The Agency also requests the continuation of MFG appropriation for \$250,000 in the Overtime line item with related Personal Services Matching.

The Agency requests an increase in Operating Expense appropriation of \$283,702 in FY2010 and

\$319,502 in FY2011 for the rising costs of travel related expenses, and overhead including rent, building and ground maintenance, office equipment maintenance, wireless service, office supplies, indirect costs to the State and postage.

Appropriation increase in Professional Fees and Services of \$209,400 in FY2010 and \$425,200 in FY2011 to cover the increased costs associated with eleven (11) professional services contractors and the rising costs of medical services purchased in the open market.

The final request is for Capital Outlay appropriation in the amount of \$100,000 each year of the biennium for anticipated equipment expenses including a security system.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DISABILITY DETERMINATION FOR SOCIAL SECURITY ADMINISTRATION  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	55	117	172	76 %
Black Employees	7	45	52	24 %
Other Racial Minorities	1	0	1	0 %
Total Minorities			53	24 %
Total Employees			225	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
283	225	25	250	33	20.49 %	284	230	20	250	34	19.01 %	284	225	25	250	34	20.77 %

## **Analysis of Budget Request**

**Appropriation:** 2QQ - DDSSA-Operations

**Funding Sources:** FSD - Federal

Disability Determination for Social Security Administration (DDSSA) is the State Agency responsible for determining the eligibility of Arkansans for disability and other payments in accordance with federal Social Security laws, regulations and instructions. The Agency makes determinations for disability benefits under Titles II and XVI of the Social Security Act and investigates suspected cases of fraud or abuse. Title II claimants are those who have contributed FICA taxes on wages for five of the past ten years prior to the date of alleged disability. Title XVI (Supplemental Security Income) claimants are those who have established the fact that they have low income and resources and are alleging disability.

DDSSA is responsible for the adjudicative process to make disability decisions in accordance with precise federal regulations. The Federal Social Security Administration is responsible for establishing criteria, approving the agency budget, issuing national instructions and developing policies and procedures. Applications for disability benefits are filed with Social Security district offices, who then forward the application to the State Agency to determine eligibility. Funding for the DDSSA is derived from federal reimbursements received from the Social Security Administration.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Base Level request is federal appropriation in the amount of \$24,543,904 in FY2010 and \$24,818,729 in FY2011 with two hundred thirty three (233) regular positions, and twenty (20) Extra Help positions.

The Agency's Change Level Request includes additional federal appropriation in the amount of \$3,219,332 in FY2010 and \$3,517,786 in FY2011 and includes the following:

- Regular Salaries - \$1,741,188 in FY2010 and \$1,780,618 in FY2011 with related Personal Services Matching for the restoration of thirty-four (34) positions authorized but not budgeted during FY2009. Also included is the continuation of seventeen (17) previously authorized Miscellaneous Federal Grant (MFG) positions. In turn, the Agency is discontinuing 17 currently authorized positions. The Agency is requesting continuation as Regular positions in order to provide sufficient staffing levels to accommodate new Social Security Administration regulations published in 2006 that mandate revised procedures at all levels of adjudication.
- Overtime - \$250,000 each year with related Personal Services Matching to continue previously authorized appropriation through a Miscellaneous Federal Grant in FY2009. The Social Security Administration will continue to provide funding to support this appropriation. This appropriation is necessary to eliminate a backlog of cases by reviewing disability claims waiting for face-to-face hearings with Federal Administrative Law Judges.

- Operating Expenses - \$283,702 in FY2010 and \$319,502 in FY2011 of which \$200,000 each year will provide for the Agency's Indirect Cost Expenses, which are billed to the Agency by the State of Arkansas for support services provided by the State including Accounting, Budgeting, Purchasing, Payroll, Information Technology, etc. The rest of the total is needed for increases in rent due to a new lease, office equipment and building and ground maintenance, and costs associated with travel including fuel, mileage, airfare, and food and lodging. Also included, are basic operational increases including postage, wireless phone service, courier, and office supplies.
- Professional Fees - \$209,400 in FY2010 and \$425,200 in FY2011 due to increases afforded to contract doctors and medical fees related to an expected increase in disability claims.
- Capital Outlay - \$100,000 each year to restore the currently authorized appropriation level. This appropriation is necessary for anticipated equipment expenses.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2QQ - DDSSA-Operations

**Funding Sources:** FSD - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	9,891,886	11,052,788	11,932,406	10,956,389	12,697,577	12,697,577	11,185,514	12,966,132	12,966,132
<b>#Positions</b>		<b>257</b>	<b>250</b>	<b>284</b>	<b>233</b>	<b>284</b>	<b>284</b>	<b>233</b>	<b>284</b>	<b>284</b>
Extra Help	5010001	95,242	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
<b>#Extra Help</b>		<b>9</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Personal Services Matching	5010003	2,877,719	3,063,857	3,642,381	3,283,517	3,918,559	3,918,559	3,329,217	3,971,683	3,971,683
Overtime	5010006	273,166	460,000	210,000	210,000	460,000	460,000	210,000	460,000	460,000
Operating Expenses	5020002	2,234,210	2,441,998	2,441,998	2,441,998	2,725,700	2,725,700	2,441,998	2,761,500	2,761,500
Conference & Travel Expenses	5050009	15,185	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Professional Fees	5060010	7,196,964	7,370,000	7,370,000	7,370,000	7,579,400	7,579,400	7,370,000	7,795,200	7,795,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	100,000	100,000	0	100,000	100,000	0	100,000	100,000
<b>Total</b>		<b>22,584,372</b>	<b>24,770,643</b>	<b>25,978,785</b>	<b>24,543,904</b>	<b>27,763,236</b>	<b>27,763,236</b>	<b>24,818,729</b>	<b>28,336,515</b>	<b>28,336,515</b>

Funding Sources										
Federal Revenue	4000020	22,584,372	24,770,643		24,543,904	26,439,720	26,439,720	24,818,729	26,986,562	26,986,562
<b>Total Funding</b>		<b>22,584,372</b>	<b>24,770,643</b>		<b>24,543,904</b>	<b>26,439,720</b>	<b>26,439,720</b>	<b>24,818,729</b>	<b>26,986,562</b>	<b>26,986,562</b>
Excess Appropriation/(Funding)		0	0		0	1,323,516	1,323,516	0	1,349,953	1,349,953
<b>Grand Total</b>		<b>22,584,372</b>	<b>24,770,643</b>		<b>24,543,904</b>	<b>27,763,236</b>	<b>27,763,236</b>	<b>24,818,729</b>	<b>28,336,515</b>	<b>28,336,515</b>

Actual # of Positions is higher than Budget due to the approval of 17 Miscellaneous Federal Grant (MFG) positions in FY08. 257 positions were used, but never filled simultaneously over the Budget amount of 250.

Actual amount exceeds Authorized in Overtime due a transfer from the Miscellaneous Federal Grant Holding Account.

Special Language provides for the carryforward of appropriation in Capital Outlay from the first year of the biennium to the second year of the biennium. The actual amount that carried forward from FY2008 to FY2009 was \$100,000.

## Change Level by Appropriation

**Appropriation:** 2QQ - DDSSA-Operations  
**Funding Sources:** FSD - Federal

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>24,543,904</b>	<b>233</b>	<b>24,543,904</b>	<b>100.0</b>	<b>24,818,729</b>	<b>233</b>	<b>24,818,729</b>	<b>100.0</b>
C01	Existing Program	593,102	0	25,137,006	102.4	844,702	0	25,663,431	103.4
C05	Unfunded Appropriation	1,323,516	34	26,460,522	107.8	1,349,953	34	27,013,384	108.8
C06	Restore Position/Approp	1,302,714	17	27,763,236	113.1	1,323,131	17	28,336,515	114.2

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>24,543,904</b>	<b>233</b>	<b>24,543,904</b>	<b>100.0</b>	<b>24,818,729</b>	<b>233</b>	<b>24,818,729</b>	<b>100.0</b>
C01	Existing Program	593,102	0	25,137,006	102.4	844,702	0	25,663,431	103.4
C05	Unfunded Appropriation	1,323,516	34	26,460,522	107.8	1,349,953	34	27,013,384	108.8
C06	Restore Position/Approp	1,302,714	17	27,763,236	113.1	1,323,131	17	28,336,515	114.2

### Justification

C01	The Agency is requesting to restore appropriation in the amount of \$250,000 each year of the biennium in Overtime with related Personal Services Matching that was authorized in FY2009 through a Miscellaneous Federal Grant. The Agency is also requesting to increase appropriation in the amount of \$283,702 in FY2010 and \$319,502 in FY2011 in Operating Expenses for increases in postage, wireless phone service, office equipment and building and ground maintenance, increases in rent due to a new lease, and costs associated with travel including mileage, food, lodging, and fuel. Also included is a request to increase appropriation in the amount of \$200,000 each year for indirect cost charges billed to the Agency by the State of Arkansas. Additionally the Agency is requesting an increase of \$209,400 in FY2010 and \$425,200 in FY2011 for Professional Fees due to increases in fees afforded to contract doctors and medical fees related to an expected increase in disability claims. Finally, the Agency is requesting to restore Capital Outlay appropriation in the amount of \$100,000 for anticipated equipment expenses.
C05	The Agency is requesting to restore 34 positions that were authorized in the previous biennium but were not budgeted during FY2009.
C06	The Agency is requesting to restore 17 Miscellaneous Federal Grant (MFG) Positions that were approved for FY2009 and is requesting to discontinue 17 positions that the MFG positions will replace.

**CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009**

Agency: Disability Determination for Social Security Administration

Program: DDSSA-Operations

Act #: 327 of 2007 Section(s) #: 3 & 5

Estimated Carry Forward Amount \$ 15,000.00 Appropriation  Funds

Funding Source: Federal

**Accounting Information:**

Business Area: 0311 Funds Center: 2QQ Fund: FSD Functional Area: HHS

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Capital Outlay	5120011	15,000.00	100,000.00
Total		\$ 15,000.00	\$ 100,000.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

**Justification for carry forward of unexpended balance of appropriation and/or funding:**

The Carry Forward is requested to engage in planned or unforeseen projects as the agency deems necessary for normal operations. Next fiscal year, this will be utilized on a security surveillance system for the agency.

**Actual Funding Carry Forward Amount** \$ 0.00

**Current status of carry forward appropriation/funding:**

At the present time we have no expenses for equipment but we will spend \$62,000 for replacement and enhancement of our security camera system. Also, we intend to purchase a closed circuit television system which will link all of our operations units with our training room. This will facilitate the dissemination of training because we do not have the space to gather large groups for training. The cost of the closed circuit television system will cost an estimated \$38,000.

Arthur W. Boutiette  
Director

08-15-2008  
Date