

DISABILITY DETERMINATION

Enabling Laws

Act 149 of 2003
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.

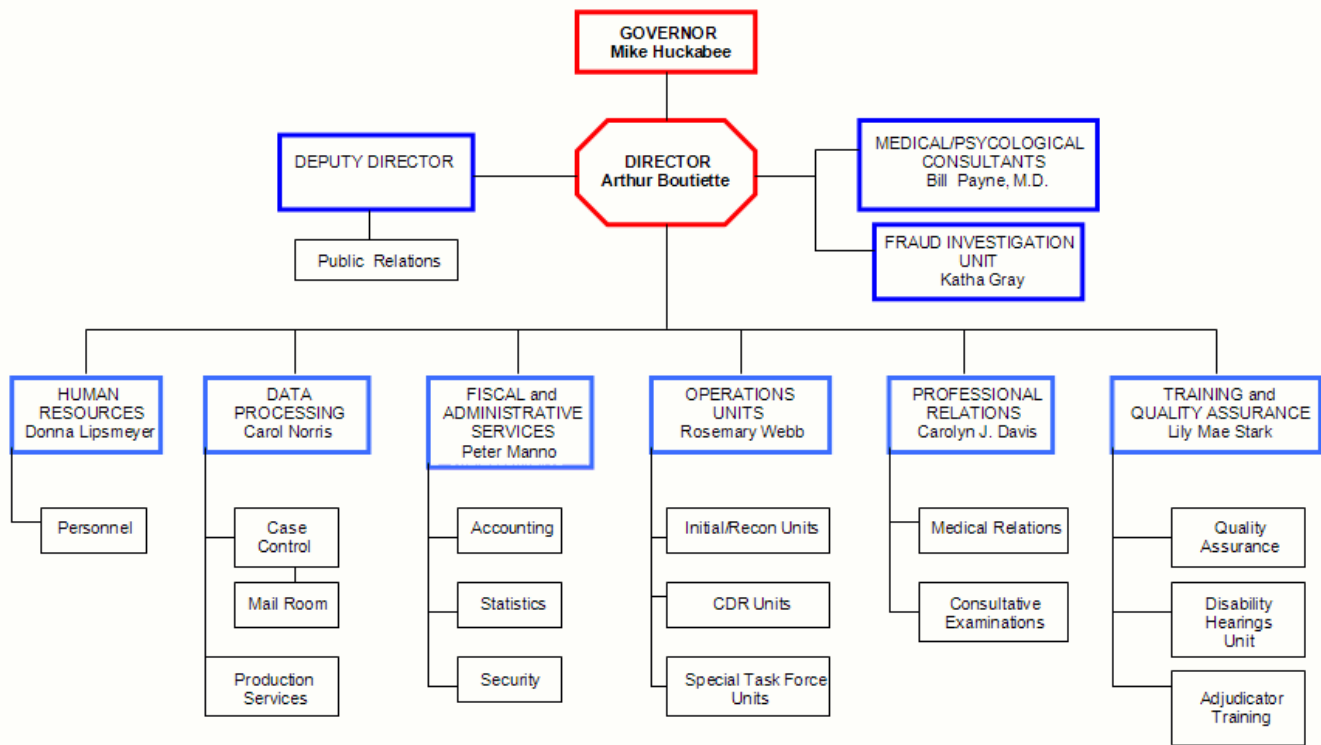
The basic statutory authorities for the Social Security Disability Program are contained in Titles II (Section 221) and XVI (Section 1633) of the Social Security Act. These sections of the Social Security Act were amended by P.L. 95-265 on June 9, 1980, to provide for administration of this state agency 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 is currently engaged in a major initiative that will move all partners in disability claims adjudication away from the current paperbound disability process to an electronic business process through the use of an electronic disability folder. During the past year this Agency participated in the national implementation of the Electronic Disability System (EDCS) for initial claims. Social Security documents the disability interview using an automated system rather than paper forms. The Agency downloads this data and additional data into its legacy case processing system and accesses the documentation via an interface with the EDCS web browser. The Agency plans to enter the second phase of the electronic process in the first quarter of 2005. This will expand the electronic business process through the use of an electronic disability folder and electronic medical evidence. The Agency will create new units such as a scanning unit to accommodate the electronic process.

To give some indication of the scope of the Social Security Administration Disability Program in Arkansas, the latest statistics available reveal that there are 185,352 disabled workers and auxiliaries

in current payment status (112,294 under Title II and 73,058 under Title XVI) drawing total benefits in the amount of \$103,566,000 per month. The number of persons in Arkansas that receive some type of disability benefit represent 6.5% of the national population, the highest in the country.



Agency Commentary

The Social Security Administration (SSA) has created an infrastructure to support a totally paperless disability process. New technologies are being incorporated as they become available. The entire business process for disability adjudication by this Agency will have to be revised. New tools, equipment, and software will be needed. The process for requesting and receiving medical evidence will integrate fax and imaging capability. Secure transmission standards are required for receiving medical records. All paper medical reports will be scanned into the electronic folder. Employees to perform and monitor the scanning operations must be added to the staff. Medical sources will be encouraged to send more medical evidence electronically. This will require 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. Some operations, training, and systems staff will be required to travel to other states that are testing the new process. As this electronic process is rolled out in this Agency, many job duties will change and additional staff will be needed in key areas. Ergonomic issues must be addressed by providing employees with appropriate furniture and equipment needed for constant computer use. Many Agency employees are presently devoting numerous work hours to planning and training for the electronic process. This will accelerate when the Agency implements the electronic folder and electronic medical evidence in the first quarter of 2005.

The changes described above are reflected in the monetary requests accompanying this commentary

as follows:

The request for each of the years in the biennium includes a budget for every regular position appropriated in the current biennium. These positions number 283. Among these positions there were 34 that were graded at such low grade, to make them virtually useless. Instead of asking for new positions, we have asked to upgrade these positions to grades that we expect to need during the course of the biennium. In addition we have retained the 20 Extra Help positions and on four of these positions, we have asked special language to eliminate the 1000 hours limit. The total number of positions requested remains at 303, as was approved for the current biennium.

In the past two years, the number of people being paid disability in Arkansas has increased from 174,164 to 185,352, which represents an increase of 6.42%. During the same period, the cost of benefits paid has increased from \$89,682,000 per month to \$103,566,000 per month, which represents an increase of 15.48%. This biennial budget request provides for the necessary means to cope with these increases. The Agency requests \$24,017,101 for FY06 and \$24,390,294 for FY07. These amounts include the wages of 283 regular positions and 20 extra help positions, the cost of nine professional services contractors, the cost of medical services purchased in the open market and the operating expenses of the agency. The operating expenses include the cost of changing the infrastructure of the agency from a paper driven process to an electronic driven process. As stated above, this change has been mandated by SSA.

To put this budget in sharp focus, one can divide the \$24 million request for each year and divide it by the 65,000 cases that are expected to be processed, to arrive at a cost per case of approximately \$369, one of the lowest in the country. On March 31, 2004 the national average cost per case was \$420.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DISABILITY DETERMINATION FOR SOCIAL SECURITY ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	54	125	179	77 %
Black Employees	7	47	54	23 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			54	23 %
Total Employees			233	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

Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
0311P01 DDSSA-Administration	2,611,286	20	3,054,980	17	3,062,580	20	3,382,617	21	3,375,496	21	3,418,146	21	3,410,812	21
0311P02 DDSSA-Disability Determination	16,729,611	225	18,342,868	233	18,406,068	263	20,634,484	262	20,552,322	262	20,972,148	262	20,887,679	262
Total	19,340,897	245	21,397,848	250	21,468,648	283	24,017,101	283	23,927,818	283	24,390,294	283	24,298,491	283

Funding Sources		%		%		%		%		%		%		
Federal Revenue 4000020	19,340,897	100.0	21,397,848	100.0			24,017,101	100.0	23,927,818	100.0	24,390,294	100.0	24,298,491	100.0
Total Funds	19,340,897	100.0	21,397,848	100.0			24,017,101	100.0	23,927,818	100.0	24,390,294	100.0	24,298,491	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0	
Grand Total	19,340,897		21,397,848				24,017,101		23,927,818		24,390,294		24,298,491	

Analysis of Budget Request

Appropriation / Program: 0311P01 - DDSSA-Administration

Funding Sources: FSD-Federal

The goal of the Administration Program is to provide administrative direction and support to the entire Agency. The objective of this program is to provide for general operations support and overhead costs not treated as direct costs in the Disability Determination Program. This program provides structure and relationship among the various units of the Agency responsible for disability determinations. Funding for the Administration Program is derived from federal revenues received from the Social Security Administration.

The FY04 Final Progress Report submitted by the agency indicated that the Agency met all three key measures included in the Agency Strategic Plan for the Administration Program. These key measures related to the total percentage of performance measures met, the percentage of budget in the Administration Program compared to the total Agency budget, and the number of prior year audit findings repeated in the subsequent audit.

The Agency is requesting Base Level as well as the following Change Levels:

Regular Salaries and Personal Services Matching

- Increase in Federal appropriation in the amount of \$9,145 in FY06 and \$9,419 in FY07 for personnel reclassifications to provide for the additional duties and responsibilities required of these positions due to the Federal Social Security Administration's implementation of an entirely new method for processing social security claims, which will significantly change the way the Agency does business.

Operating Expenses

- An increase in Federal appropriation in the amount of \$231,231 in each year. The most significant requests include the following: \$50,000 for postage; \$30,000 for building maintenance; \$25,271 for rent increases; \$50,000 for office supplies; \$15,000 for temporary employment; \$12,000 for security services; and \$11,000 for janitorial services. The remaining increase of \$37,960 is for general operating expense increases.
- A decrease in Federal appropriation in the amount of \$282,581 in each year. The most significant portion of this reduction includes a reallocation of Claimant Travel appropriation in the amount of \$240,000 to the Disability Determination Program. The remaining reduction of \$42,581 reflects a reallocation of appropriation within the Operations line item.

Travel and Conference Fees

- Increase in Federal Appropriation in the amount of \$20,500 for meals and lodging.
- Decrease in Federal Appropriation in the amount of \$47,500 for travel and conference fee expenses that are no longer relevant to the agency's needs.

Capital Outlay

- Increase in Federal Appropriation in the amount of \$35,000 for Equipment Expenses that will be required as the Agency converts its infrastructure to support an entirely paperless process, as required by the Social Security Administration.

The Executive Recommendation provides for the Agency Request, with the exception of classification requests as recommended by the Office of Personnel Management.

Appropriation / Program Summary

Appropriation / Program: 0311P01 Administration Program

Funding Sources: FSD-Federal

Program Description	Program Goals
The Administrative Program provides structure and relationship among the various units of the agency, responsible for disability determinations. It provides performance criteria such as the rate of accuracy of decisions and the time periods within which determinations must be made. Fiscal control procedures and submission of reports and other data as required.	1 Provide administrative direction and support to insure that department programs meet their objectives and performance targets.

Objective Code	Name	Description
00CV	Objective 1	To provide for general operations support and overhead costs not treated as direct costs in other programs.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	% of agency key performance objectives and targets met	87%/100%	83%	83%
1	X	X	Effort	% of budget in the Administrative Program compared to total agency budget	18%/13.50%	18%	18%
1	X	X	Outcome	Number of prior year audit findings repeated in subsequent audit	1/0	1	0
1			Outcome	Number of days to enter all year-end closing entries into AASIS required for CAFR Report.		63 days	63 days
1			Outcome	Number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.		4	4
1			Effort	Agency information technology budget as a percentage of total agency budget.	1%/0%	NA	NA

Appropriation / Program Summary

Appropriation / Program: 0311P01 DDSSA-Administration

Authorized Program Amount **3,062,580**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data		2005-2006			2006-2007		
		2003-2004 Actual	2004-2005 Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	836,813	785,793	1,071,313	1,079,011	1,073,016	1,101,042	1,108,972	1,102,796
#Positions		20	17	21	21	21	21	21	21
Extra Help	5010001	66,530	100,000	100,000	100,000	100,000	100,000	100,000	100,000
#Extra Help		16	1	18	18	18	18	18	18
Personal Services Matching	5010003	207,086	211,133	287,455	288,902	287,776	292,981	294,470	293,312
Overtime	5010006	4,362	0	0	0	0	0	0	0
Operating Expenses	5020002	1,445,309	1,833,053	1,833,053	1,781,703	1,781,703	1,833,053	1,781,703	1,781,703
Travel-Conference Fees	5050009	29,980	60,000	60,000	33,000	33,000	60,000	33,000	33,000
Professional Fees and Services	5060010	21,206	0	0	0	0	0	0	0
Capital Outlay	5120011	0	65,001	65,001	100,001	100,001	65,001	100,001	100,001
Total		2,611,286	3,054,980	3,416,822	3,382,617	3,375,496	3,452,077	3,418,146	3,410,812

Funding Sources									
Federal Revenue	4000020	2,611,286	3,054,980	3,416,822	3,382,617	3,375,496	3,452,077	3,418,146	3,410,812
Total Funding		2,611,286	3,054,980	3,416,822	3,382,617	3,375,496	3,452,077	3,418,146	3,410,812
Excess Appro/(Funding)		0	0	0	0	0	0	0	0
Grand Total		2,611,286	3,054,980	3,416,822	3,382,617	3,375,496	3,452,077	3,418,146	3,410,812

The Base Level number of positions exceeds the FY05 Budgeted number due the flexibility inherent in the authorization of all positions through one salary section in the appropriation act.

Objective Summary

Objective: 00CV Admin-Objective 1

Description: To provide for general operations support and overhead costs not treated as direct costs in other programs.

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007			
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
Regular Salaries 5010000	836,813	785,793	1,071,313	1,079,011	1,073,016	1,101,042	1,108,972	1,102,796	
#Positions	20	17	21	21	21	21	21	21	
Extra Help 5010001	66,530	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
#Extra Help	16	1	18	18	18	18	18	18	
Personal Services Matching 5010003	207,086	211,133	287,455	288,902	287,776	292,981	294,470	293,312	
Overtime 5010006	4,362	0	0	0	0	0	0	0	
Operating Expenses 5020002	1,445,309	1,833,053	1,833,053	1,781,703	1,781,703	1,833,053	1,781,703	1,781,703	
Travel-Conference Fees 5050009	29,980	60,000	60,000	33,000	33,000	60,000	33,000	33,000	
Professional Fees and Services 5060010	21,206	0	0	0	0	0	0	0	
Capital Outlay 5120011	0	65,001	65,001	100,001	100,001	65,001	100,001	100,001	
Objective Total	2,611,286	3,054,980	3,416,822	3,382,617	3,375,496	3,452,077	3,418,146	3,410,812	

Analysis of Budget Request

Appropriation / Program: 0311P02 - DDSSA-Disability Determination

Funding Sources: FSD-Federal

The goal of the Disability Determination Program is to determine if applicants for disability benefits meet the criteria for eligibility. The objectives of this program are to make determinations for disability benefits under Titles II and XVI of the Social Security Act and to investigate suspected cases of fraud or abuse. This program is defined as the adjudicative process to make disability decisions in accordance with precise federal regulations. The Federal Government has the responsibility 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 Disability Agency for Determination. Funding for the Disability Determination Program is derived from federal revenues received from the Social Security Administration.

The FY04 Final Progress Report submitted by the agency indicated that the Agency met all key measures included in the Agency Strategic Plan for the Disability Determination Program. These key measures related to the adjudication accuracy rate and application processing time.

The Agency is requesting Base Level as well as the following Change Levels:

Regular Salaries and Personal Services Matching

- Increase in Federal appropriation in the amount of \$170,743 in FY06 and \$174,296 in FY07 for the restoration of one Psychiatric Specialist position authorized by a Miscellaneous Federal Grant in the current biennium. This position is necessary to ensure that the Agency operates in compliance with federal law when making disability determinations involving mental impairments.
- Increase in Federal appropriation in the amount of \$865,052 in FY06 and \$888,911 in FY07 for the restoration of 33 positions not budgeted during FY05. The Agency considers these positions to be of critical importance as the Agency converts to an entirely electronic business process.
- Increase in Federal appropriation in the amount of \$468,069 in FY06 and \$478,182 in FY07 for personnel reclassifications to provide for the additional duties and responsibilities required of the positions due to the Federal Social Security Administration's implementation of an entirely new method for processing social security claims, which will significantly change the way the Agency does business.

Operating Expenses

- An increase in Federal appropriation in the amount of \$300,000 in each year. This request represents the transfer of claimant travel appropriation in the amount of \$240,000 from Program 1 and an increase in claimant travel appropriation in the amount of \$60,000 in each year. This request is necessary to provide adequate appropriation for the Agency's growing caseload.

Professional Fees and Services

- Increase in Federal Appropriation in the amount of \$460,308 in each year for medical fees, which will provide an adequate appropriation amount for the Agency's growing caseload.
- Decrease in Federal Appropriation in the amount of \$122 for correctional and rehabilitation fee expenses that are no longer relevant to the agency's needs.

The Executive Recommendation provides for the Agency Request, with the exception of classification requests as recommended by the Office of Personnel Management.

Appropriation / Program Summary

Appropriation / Program: 0311P02

Disability Determination

Funding Sources: FSD-Federal

Program Description	Program Goals
The Disability Program is defined as the adjudicative process to make disability decisions in accordance to precise federal regulations. The Federal Government has responsibility 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. These offices assist in completing the claimant's application and then forward the application to the State Disability Agency for Determination.	1 To make Disability Determinations. To determine if applicants for disability benefits meet the criteria for eligibility.

Objective Code	Name	Description
02CV	Objective 1	To make determinations for disability benefits under the Title II and XVI of the Social Security Act.
03CV	Objective 2	To investigate suspected cases of fraud or abuse.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Efficiency	Adjudication Accuracy Rate	95%/94.50%	95%	95%
1	X	X	Efficiency	Application processing time.	85 days/ 87.9 days	85 days	85 days
1			Output	Percentage of cases disposed vs. number of cases received	96%/97%	96%	97%
1	X	X	Output	Percentage of cases reviewed for the purpose of continuing or ceasing disability benefits		16% of workload	16% of workload
1	X	X	Efficiency	Average number of cases disposed by each full time equivalent employee per year		240	250
1			Outcome	Percent of determinations changed through the reconsideration process	15%/15.10%	NA	NA
2			Output	Number of suspected fraud cases investigated	80/64	80	85

Appropriation / Program Summary

Appropriation / Program: 0311P02 DDSSA-Disability Determination
Authorized Program Amount 18,406,068

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007			
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
Regular Salaries 5010000	8,135,807	8,838,230	8,782,910	9,946,199	9,877,040	9,036,075	10,231,137	10,160,036	
#Positions	225	233	228	262	262	228	262	262	
Extra Help 5010001	34,856	40,000	40,000	40,000	40,000	40,000	40,000	40,000	
#Extra Help	2	2	2	2	2	2	2	2	
Personal Services Matching 5010003	2,067,839	2,444,824	2,527,710	2,868,285	2,855,282	2,574,684	2,921,011	2,907,643	
Overtime 5010006	9,095	110,000	110,000	110,000	110,000	110,000	110,000	110,000	
Operating Expenses 5020002	271,331	0	0	300,000	300,000	0	300,000	300,000	
Professional Fees and Services 5060010	6,210,683	6,909,814	6,909,814	7,370,000	7,370,000	6,909,814	7,370,000	7,370,000	
Capital Outlay 5120011	0	0	0	0	0	0	0	0	
Total	16,729,611	18,342,868	18,370,434	20,634,484	20,552,322	18,670,573	20,972,148	20,887,679	
Funding Sources									
Federal Revenue 4000020	16,729,611	18,342,868	18,370,434	20,634,484	20,552,322	18,670,573	20,972,148	20,887,679	
Total Funding	16,729,611	18,342,868	18,370,434	20,634,484	20,552,322	18,670,573	20,972,148	20,887,679	
Excess Appro/(Funding)	0	0	0	0	0	0	0	0	
Grand Total	16,729,611	18,342,868	18,370,434	20,634,484	20,552,322	18,670,573	20,972,148	20,887,679	

The FY05 Budgeted number of positions exceeds the Base Level number due to one MFG position approved during the 2003-2005 biennium that is not included in base level as well as the flexibility inherent in the authorization of all positions through one salary section in the appropriation act.

Objective Summary

Objective: 02CV DD-Objective 1

Description: To make determinations for disability benefits under the Title II and XVI of the Social Security Act.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	8,013,387	8,718,161	8,659,240	9,822,529	9,753,370	8,908,705	10,103,767	10,032,666
#Positions	222	230	225	259	259	225	259	259
Personal Services Matching 5010003	2,029,258	2,409,114	2,489,857	2,830,432	2,817,429	2,536,135	2,882,462	2,869,094
Overtime 5010006	1,734	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Operating Expenses 5020002	271,331	0	0	300,000	300,000	0	300,000	300,000
Professional Fees and Services 5060010	6,210,683	6,909,814	6,909,814	7,370,000	7,370,000	6,909,814	7,370,000	7,370,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0
Objective Total	16,526,393	18,147,089	18,168,911	20,432,961	20,350,799	18,464,654	20,766,229	20,681,760

Objective Summary

Objective: 03CV DD-Objective 2

Description: To investigate suspected cases of fraud or abuse.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	122,420	120,069	123,670	123,670	123,670	127,370	127,370	127,370
#Positions	3	3	3	3	3	3	3	3
Extra Help 5010001	34,856	40,000	40,000	40,000	40,000	40,000	40,000	40,000
#Extra Help	2	2	2	2	2	2	2	2
Personal Services Matching 5010003	38,581	35,710	37,853	37,853	37,853	38,549	38,549	38,549
Overtime 5010006	7,361	0	0	0	0	0	0	0
Objective Total	203,218	195,779	201,523	201,523	201,523	205,919	205,919	205,919