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STATEMENT FOR THE RECORD

LINDA KERR-DAVIS

ACTING DEPUTY COMMISSIONER

OFFICE OF OPERATIONS

SOCIAL SECURITY ADMINISTRATION

Committee Chair Ferguson, Ranking Member Larson, and Members of the Subcommittee:

Thank you for inviting me to discuss the status of initial disability claims at the Social Security Administration (SSA). I am Linda Kerr-Davis, Acting Assistant Deputy Commissioner of Operations. My testimony today describes our plan to reduce the backlog and wait for a disability decision, and to improve the experience of those going through the process.

Background

Few government agencies directly affect the lives of as many people as we do. For more than 85 years, SSA has provided income security for retirees, individuals with disabilities, and families that lose a wage-earner. Almost 9 out of 10 people over the age of 65 receive Social Security benefits. In fiscal year (FY) 2023, we project that we paid more than \$1.4 trillion dollars in benefits to over 71 million Social Security beneficiaries and Supplemental Security Income (SSI) recipients. Of that amount, we paid approximately \$200 billion in disability-related benefits to over 15 million people. Although the total disability benefits are just 14 percent of our total benefits paid, administering disability-related programs accounts for over half of our administrative budget because of their complexity.

We administer two programs for people with disabling medical conditions: Social Security Disability Insurance (SSDI) and SSI. SSDI provides benefits to insured workers who meet the Social Security Act's definition of disability or blindness, and to their dependents. Workers become insured for SSDI based on contributions to the Social Security trust funds through taxes on wages and self-employment income.

The SSI program provides monthly payments to individuals and couples with limited income and resources who are aged, blind, or disabled, and whose earnings are too low to qualify for a significant SSDI benefit. Adults and children can receive payments based on disability or blindness. General tax revenues fund the SSI program.

Overview of the Initial Level of Disability Determination and Customer-focused Improvements Underway

To frame our conversation, I will briefly explain the steps in the disability process. People may apply for disability benefits online, by telephone, or in person at a Social Security field office. After we receive an application, we send the case to a State Disability Determination Service (DDS) office to make the initial determination of disability. There are 52 DDSs, covering every State, Puerto Rico, and the District of Columbia. A disability applicant, or claimant, can appeal a denial of their application through three levels of administrative review – reconsideration (also handled by the DDS), a hearing before an administrative law judge, and review by the Appeals Council. A claimant who is dissatisfied with the agency's final decision may appeal that decision in Federal district court. My testimony today focuses on initial claims.

At the DDS, disability examiners collect medical evidence and work with medical or psychological consultants to determine whether a claimant meets the statutory definition of

disability – if the person has a medically determinable impairment which prevents substantial, gainful work, and that is expected to last at least 12 continuous months or result in death. The disability examiner and medical or psychological consultant must consider all the evidence in the file, both medical and vocational, to make a disability determination. Once the DDS makes the medical determination, the case is returned to the local Social Security office to adjudicate the case based on the DDS’ medical determination and the non-medical eligibility criteria.

The relationship of the State agencies and SSA in the disability determination process results in unique roles. SSA provides 100 percent reimbursement to the States for the work they do to make disability determinations for our programs. The State DDSs follow their State policies to conduct all activities related to hiring the employees who will make the disability determinations on our claims.

Actions to Reduce Initial Disability Claim Backlogs

Currently, over 15 million people rely on disability benefits to provide for basic needs like food, shelter, and medical care. Whether they are applying for SSI or SSDI, most are in immediate need. Meanwhile, pending levels and wait times for determinations on initial disability claims and disability reconsiderations are at all-time highs. For the first time since the programs began, pending initial disability claims have exceeded 1 million. Applicants are waiting on average 7 months for a decision. This is simply not acceptable – to the public, to you, or to us.

These delays are due to several issues, ultimately tied to funding challenges. The DDSs are experiencing record high employee attrition, and difficulty hiring qualified examiners to replace them. They were also challenged with reduced access to medical evidence, which began with the COVID-19 public health emergency and was compounded by a shortage of consultative examination providers.

In response to this crisis, a team of experts worked to identify the issues that led to the backlog, take immediate steps to address the issue, and undertake longer-term actions to resolve it and to provide better service to our customers. We have been implementing both short- and long-term solutions, which will require adequate and sustained funding. As detailed further below we are working within our current resource levels to concentrate in four key areas: 1) increasing immediate processing capacity; 2) improving recruitment and retention; 3) changing business processes and policies; and 4) improving information technology.

Increasing Immediate Processing Capacity

To provide some immediate relief to the DDSs struggling with staffing shortages, we are redirecting experienced personnel from across the agency to process cases for the DDSs, starting with the claims for individuals who have been waiting the longest. For example, we established cadres of employees from our Office of Quality review, employees from our Office of Hearings Operations, and rehired annuitants to help the DDSs process initial level claims. Last fiscal year, these cadres completed over 27,000 initial claims, in addition to the

claims processed by the DDS.

Improving Recruitment and Retention

Processing disability claims requires a sufficient number of trained staff. Even though we can gain efficiency through information systems and process improvements, administering the program requires well-trained, thoughtful people to apply complex disability rules to individual situations. Sufficient staffing is crucial to providing timely and efficient service to the public.

In FY 2022, the DDSs could not meet their hiring goals. In FY 2023, they made progress by hiring about 2,500 full-time staff, and ended the year with over 700 additional full-time staff on duty compared to FY 2022. Even though the staffing increased last year, it takes two to three years of formal and on-the-job training for new examiners to become fully proficient in making disability determinations.

The DDSs have recruitment and retention challenges, as the complexity of the work for the pay has attracted fewer candidates in today's competitive job market. We have been working with the DDSs to increase recruitment and retention of these State employees who process Federal claims. Our Acting Commissioner has contacted many Governors asking them to examine pay and other policies for these employees to make the job more competitive to increase applicant pools.

State employees must pass the same background checks as Federal agency employees. To get new hires working as quickly as possible, we worked with the Office of Personnel Management to more efficiently conduct background checks. We have also supported DDS recruiting and hiring efforts, streamlined our training practices, and expanded mentoring opportunities.

Changing business processes and policies

In addition to addressing the immediate needs of the DDSs to increase capacity and add new hires, we are working on improvements in business processes and policies. I will touch upon a few of them here.

Disability claims start in our field offices before we transfer them to the DDSs, so we identified front-end efficiencies. For example, we re-trained field office staff to help make the disability determination easier for the DDSs by paying close attention to situations in which we can expedite disability payments. We have also reminded our field office staff to prioritize responding to requests from the DDSs so that they get the information they need to process a claim timely.

The DDS uses medical experts during the review process. The law requires that a medical or psychological consultant review the medical portion of each initial disability determination.

Historically, the DDSs each employ their own consultants either by direct hire or contract. As more cases await medical and psychological consultant review, we established a national contract for these consultants to supplement States' contracts. These national consultants began handling claims at the start of FY 2024 to help reduce the backlog of cases awaiting medical review. Our new contract will help the hardest hit areas by providing access to consultants from across the country.

If we do not have enough medical evidence to make a decision, we may send an applicant to a consultative exam to provide medical information. To reduce delays, we recruited new providers and, consistent with Department of Health and Human Services guidance, permitted telehealth for certain consultative exams to allow claimants flexibility to obtain necessary medical evidence.

We are implementing and standardizing customer experience practices, which ensures a sharp focus on the claimant's perspective to reduce obstacles they face. For example, claimants told us that they expect more communication from the agency after they submit their claim. As a result, we are exploring actions to address this expectation – including improvements to our online claims tracker.

While our disability decision process remains sound, we continually seek improvements to ensure our disability programs remain current and to ease the burden on our customers. As reflected in our regulatory agenda, we proposed to develop intermediate improvements to reduce the burden in our current disability adjudication process, as a step towards longer-term reforms to ensure our disability program remains current and supports equitable outcomes.

We are seeking comment on a proposed action to decrease the years of past work we consider when making a disability determination. We currently evaluate whether an applicant is able to work, by developing 15 years of work history, which is time-consuming for the both the claimant and the disability examiner. Potentially reducing the regulatory requirement for past relevant work would allow individuals to focus on the most current and relevant information about their past work, better reflect the current evidence base on changes over time in worker skill decay and job responsibilities, reduce processing time and improve customer service, and reduce burden on individuals.

We are exploring other sub-regulatory changes as well. Last spring, we updated guidance for our vocational experts and specialists to generally recommend citing occupations that are more common and reflect higher numbers when making recommendations. We are also working to clarify transferable skills analysis policy by providing guidance to our adjudicators about skills that commonly transfer and those that do not and expanding our national training resources while improving our examples and definitions.

Improving Information Technology

Technology helps make the decision-making process more efficient. It increases the collection of electronic medical evidence, improves communications with the public, expands our decision support tools, and quickly identifies claims with diseases and other medical conditions that, by definition, meet Social Security's standards for disability benefits for expedited processing.

We implemented a national case-processing system, which replaced 52 independently operated DDS legacy systems. Today, instead of devoting significant IT dollars to maintaining and updating multiple cumbersome systems, all DDSs are using a uniform and modern system to process disability claims timely and efficiently. This system also allows for the movement of cases between States, so we can better manage our workloads.

We are using Intelligent Medical Language Analysis Generation (IMAGEN), a decision-support tool, to ensure accuracy and improve efficiency with reviewing lengthy medical reports. In April 2023, we released an IMAGEN report tool, which identifies pending claims that contain evidence that shows a high probability of meeting or equaling a medical listing. This tool enables States to more quickly identify potential allowances or presumptive disability determinations, reducing wait times.

Outcomes

Our three short-term goals are to: 1) reduce the number of pending initial claims to under one million; 2) prioritize cases that begin the year pending at 180 days or older; and 3) make improvements to the disability claims system as described in the business processes section above.

We set ambitious targets in our 2022-2023 agency priority goal (APG) to improve the average processing times for initial claims and to work down older cases. While we did not achieve our plan to reduce the average wait time to 164 days for all initial claims, we are prioritizing these efforts. In FY 2023, we processed over 90,000 more initial disability claims than we did in FY 2022. In addition, we have completed about 97 percent of our cases that started FY 2023 pending 180 days or more, surpassing our APG target of 85 percent. Starting in FY 2024, as our new hires complete classroom training and become more proficient in processing claims, they will begin to help to reduce backlogs.

Ideally, we would be operating at pre-pandemic levels. In 2019 we achieved a national 120-day average processing time to receive a disability determination. However, reaching this service delivery level again would take years and timely, adequate, and sustained funding. Too many years of insufficient funding compounded by the pandemic has resulted in the current crisis.

Resources Challenges

Our budget directly drives the level of service we can deliver, including systems improvements and staffing to stay current with our workloads. Our dedicated employees are doing their part to restore and improve service while working within our current funding levels. Each day, our employees serve field office visitors, answer questions, take claims on the phone, hold hearings, pay benefits, and complete countless other workloads. Building the capacity to meet the public's expectations for timely customer service requires sustained funding and staffing levels.

Making disability decisions requires expert review of individual case circumstances and accurate application of complex policy. Fundamentally, we need sufficient trained and experienced staff. We simply do not have enough staff to complete our growing workloads and serve everyone who needs our help. The DDSs had their lowest on-board in over 20 years after facing consecutive years of high attrition in FYs 2021 and 2022. Attrition for disability examiners hit a record high of almost 20 percent in FY 2021, only to hit a new high of almost 25 percent in FY 2022. Attrition has lessened in FY 2023, and we anticipate ending the year with more staff on duty than we ended FY 2022. However, the level funding in FY 2024 would be detrimental to our efforts to build a sufficient DDS workforce. Meanwhile, the number of beneficiaries and recipients we serve has increased to over 71 million. That is an increase of over 8 million beneficiaries over the last decade, at the same time as our staffing level was declining.

Because resources are so critical to improving service and reducing the initial disability claims backlog, the Administration requested a \$727 million continuing resolution (CR) anomaly for FY 2024, bringing SSA to an annualized funding level of \$14.854 billion. The anomaly would avoid significant service degradation resulting from a hiring freeze. Under a level funding scenario, the average wait time for an initial disability decision would increase by at least one month to eight months (double the average wait time in FY 2019), and it would jeopardize our plan to eliminate the hearings backlog in FY 2024.

Conclusion

Our disability programs provide a vital safety net for your constituents. With the support of Congress, we have shown that we can tackle and overcome significant disability backlogs. For example, at the end of 2016, the number of claimants awaiting a hearing with an administrative law judge peaked at over 1.1 million, and the average processing time was around 600 days. We defined success in the hearing backlog reduction plan as achieving a waiting time of less than 270 days for an ALJ hearing. With targeted funding and a backlog plan, we cut the number of pending hearings by over two-thirds, and the hearing wait time goal is in our sights. Now, with the same level of focus, we are tackling the initial disability claim backlog. We share the goal of making more timely decisions and significantly reducing the disability backlog. Thank you for interest in our efforts to improve service for your constituents.

We appreciate your support and look forward to continued service to the American public.