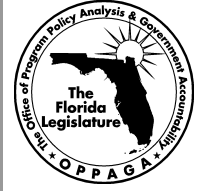




Office of Program Policy Analysis And Government Accountability



John W. Turcotte, Director

February 1998

Program Evaluation and Justification Review: Disability Determination Program Administered by the Department of Labor and Employment Security

Abstract

- **The Disability Determination Program should be continued as it ensures federal disability insurance benefits are made available to all eligible citizens of Florida, and is 99% federally funded.**
- **Program performance for the 1996-97 fiscal year reflected declines in operational efficiency from the previous year. However, these declines were consistent with national trends caused by changes in federal requirements.**
- **The performance-based program budgeting system provides accurate and useful information on program performance, but could be improved for Fiscal Year 1998-99.**
- **The program could increase its efficiency by taking steps to retain experienced staff and developing strategies to decrease the amount of time it takes to gather medical evidence of a disability.**

Purpose

This report presents the results of the Program Evaluation and Justification Review of the Department of Labor and Employment Security's Disability Determination Program. The Government Performance and Accountability Act of 1994 directs OPPAGA to complete an evaluation and justification review for each state program after its first year of operation under a performance-based program budgeting system. This report addresses the performance of the Disability Determination Program based on the measures and standards contained in the General Appropriations Act

for Fiscal Year 1996-97. In this review we assessed the program's performance and its performance-based budgeting system and identified alternatives for improving program performance. Appendix A summarizes our conclusions regarding the nine issue areas the law requires be considered in a Program Evaluation and Justification Review.

Background

Program Description

The Disability Determination Program collects and reviews evidence to determine if Florida citizens meet the federal definition of "disabled."¹ The program processes applications that are forwarded to it after other categorical and financial eligibility determinations have been made.

The primary function of the program (over 96% of its caseload in 1996-97) is to determine medical eligibility for federal Social Security disability programs. In addition, it makes Medicaid disability determinations for Florida's Department of Children and Families. The program assesses eligibility for this component through a Memorandum of Understanding with the Department of Children and Families, which accepts initial applications for the program and determines non-medical (financial) eligibility.

¹ Federal law defines disabled as the inability to engage in any substantial gainful activity because of a physical or mental impairment expected to last 12 months or result in death.

Federal Social Security Component: In 1996-97, the Program performed over 200,000 disability determinations for two federal Social Security programs.

- The *Title II* Program, also known as Social Security Disability Insurance (SSDI), provides partial replacement of earnings to individuals and families who lose income when a disability interferes with the ability to work.
- The *Title XVI* Program, also known as Supplemental Security Income (SSI), provides a minimum level of income to the disabled (as well as the aged and blind) based on their demonstrated financial need.

The Social Security Administration covers the full cost of making disability decisions for these programs and sets the policies, procedures, and rules that program staff use to make a disability determination. The Social Security Administration also pays benefits to Floridians who meet SSI and SSDI eligibility criteria.

State Medically Needy Component: The Social Security Administration also allows the program to perform disability determinations for state programs. In 1996-97, the program performed over 7,600 disability determinations for Florida's optional Medicaid Programs that use federal disability criteria to establish eligibility. These programs, referred to collectively as the "Medically Needy Program," provide medical benefits to disabled Floridians who do not qualify for federal disability insurance programs because of income and asset requirements.²

- The *Medically Needy* Program provides medical benefits to disabled Floridians as well as to families, pregnant women, children, and persons age 65 or over or blind. After the Disability Determination Program establishes categorical eligibility based on a disability, final eligibility is based on net income after monthly medical expenses are deducted.
- The *Medicaid Expansion* Program, also known as MEDS-AD (Medicaid for the aged and disabled), provides Medicaid coverage to categorically eligible recipients who meet income and asset criteria that are less stringent than those used for

federal disability insurance programs. Unlike the Medically Needy Program, medical debt does not affect eligibility.

The Florida Department of Labor and Employment Security reimburses the Social Security Administration for shared costs associated with performing the disability determination function for the state Medically Needy Program through 50% state general revenue and 50% federal Medicaid funds. The Agency for Health Care Administration pays for recipients' medical benefits.

The Social Security component of Florida's Disability Determination Program is the fourth largest in the nation, and it processed almost 6% of the Social Security Administration's workload in federal Fiscal Year 1997. As a result of its determinations, more than 600,000 disabled Floridians receive a total of over \$3 billion in disability insurance payments from the Social Security Administration each year. In addition, disabled Floridians who meet financial criteria receive Medicaid services to help meet their health care needs.

Program Resources

Federal funds covered 99% of the Florida Legislature's 1996-97 appropriation for the Disability Determination Program. This included 100% of the cost of making disability determinations for the Social Security component of the program, and 50% for the Medically Needy component. State general revenue covered 1% of the appropriation, which was half of the cost of making disability determinations for the Medically Needy component. Exhibit 1 shows appropriations and sources of Program funds for Fiscal Years 1996-97 and 1997-98.

Accountability System

The 1994 Government Performance and Accountability Act directs state agencies to provide the Legislature with performance-based program budgeting requests that include proposed performance measures and standards. The Legislature approves programs, performance measures, and standards in the annual General Appropriations Act. State agencies report annually on their performance against these standards in subsequent legislative budget requests. The Legislature considers this information in evaluating program performance and may award incentives and disincentives for performance that exceeds or fails to meet the established standards.

² When the MEDS-AD Program was established as a Florida-optional Medicaid Program it was administratively placed with the existing Medically Needy Program. Despite the addition of this component, the program name was not changed and throughout this report will be referred to as the Medically Needy Program.

Exhibit 1
Allocation of Resources:
Disability Determination Program
Fiscal Years 1996-97 and 1997-98

	Appropriations (in millions)	
	1996-97	1997-98
Program Allocations		
Federal Social Security Component	\$57.4	\$63.8
State Medically Needy Component	1.4	1.4
Total Allocations	\$58.8	\$65.2
Sources of Funds		
Florida General Revenue	\$ 0.7	\$ 0.7
Administrative Trust Fund ¹	0.7	0.7
U.S. Trust Fund	57.4	63.8
Total Funds	\$58.8	\$65.2
Full-Time Equivalent Staff Positions		
Federal Social Security Component	875	914
State Medically Needy Component	22	22
Total Positions	897	936

¹The Administrative Trust Fund is a state trust fund used to transfer federal Medicaid funds from the Agency for Health Care Administration to the Department of Labor and Employment Securities' Disability Determination Program.

Source: General Appropriation Acts for Fiscal Years 1996-97 and 1997-98

The Legislature first authorized the Disability Determination Program to operate under a performance-based program budget in Fiscal Year 1996-97 and specified five performance measures for each program component, including two output and three outcome measures (see Exhibit 2). The Legislature authorized the program to continue to operate under a performance-based program budget during Fiscal Year 1997-98 and approved the same five performance measures. The department has requested that the Legislature allow the program to operate under a performance-based program budget in Fiscal Year 1998-99 and has proposed using the same performance measures.

The Disability Determination Program's performance measurement system is based on the Social Security Administration's model for evaluating state Disability Determination programs. The Social Security Administration measures the timeliness and accuracy of disability decisions, and monitors the cost-per-case, production-per-work-year for claims examiners, and number of cases cleared annually. Exhibit 2 describes these outcome and output measures.

Exhibit 2
Performance-Based Program Budgeting Measures for the Disability Determination Program
Fiscal Years 1996-97 and 1997-98

Measures ¹	Explanation
Outcome Measures	
Timeliness: Measures the length of time it takes to process initial (first-time) applications for benefits.	A service delivery measure. Timeliness is measured by the average number of days it takes the program to complete a disability determination and process the application. This measure is related to the program's objective of ensuring that disabled Floridians receive benefits to which they are entitled in a timely manner.
Accuracy: Measures the accuracy of initial (first-time) disability decisions.	A measure of quality of decisions. Accuracy rate refers to the percentage of cases that are processed with adequate documentation and with a correct decision. This measure is related to the program's objectives of ensuring that all eligible applicants receive benefits and ensuring that established criteria are consistently applied when making disability determinations.
Cost-per-case: Measures expenditures associated with completing cases.	A cost-effectiveness measure. The total funds expended to complete all cases are divided by the total number of determinations completed. This measure is related to the program's objective of emphasizing cost efficiency.
Output Measure	
Total Case Clearances: Reports the number of cases cleared. ²	A workload measure. Includes initial decisions as well as on-going case reviews and re-assessments. Also includes cases that do not result in a decision (e.g., cases under appeal for which additional medical evidence is gathered).
Production-per-work-year: Reports the number of claims processed per FTE.	An operational efficiency measure. Total number of claims processed divided by the number of filled full-time equivalent (FTE) positions.

¹The program uses the same outcome and output measures for Social Security and Medically Needy components of the program, but reports performance separately.

² Program performance reports refer to this measure as "total decisions completed."

Source: General Appropriations Act for Fiscal Year 1996-97, program records, and Social Security Administration documents

Findings

Should the Disability Determination Program be continued?

Both the Social Security and Medically Needy components of the program should be continued as they ensure federal disability insurance benefits are made available to all eligible citizens of Florida, and are 99% federally funded.

The federal Social Security component of the Disability Determination Program should be continued. The program performs an essential function for the Social Security Administration; it determines if Florida applicants meet the federal definition of disabled and thereby qualify for cash assistance through federal disability insurance programs. Each state has established an office to determine eligibility for federal disability benefits. These offices are fully funded by the federal government and follow federal rules and procedures. Florida's Disability Determination Program employed 875 staff in 1996-97. Their salaries contributed approximately \$28 million in federal funds to the state's economy.

In addition, funding for the state Medically Needy component of the program should be continued. The Social Security Administration allows state disability determination programs to perform non-federal functions when the state ensures that no Social Security Administration dollars are used. Since the Medically Needy Program uses the same definition of disabled as the Social Security Administration, the state realizes efficiencies by using the Social Security Administration structure that already exists in the state. Areas of efficiency are primarily in the administrative areas, as reflected in the state's cost-sharing arrangement with the Social Security Administration.

What can be concluded about program performance?

Disability Determination Program performance for the 1996-97 fiscal year reflected declines in operational efficiency from the previous year. The Medically Needy component showed lower accuracy rates and increasing cost-per-case, while the Social Security component showed declines in timeliness and higher cost-per-case. However, these changes were consistent with national trends caused by changes in federal requirements. Florida's

performance continues to result in the program being ranked among the more productive and cost-effective in the nation, but it lags behind other states in timeliness.

The performance of both the Medically Needy and Social Security components of the program can primarily be evaluated on three outcomes: timeliness, accuracy, and cost-per-case. In the 1996-97 General Appropriations Act, the Legislature approved these three outcome measures and set performance standards for each program component. When evaluating program performance, we compared performance for 1996-97 with performance for prior years and with established standards.

The Medically Needy component of the program improved the timeliness of its decisions, but performance declined from 1995-96 fiscal year levels on measures of accuracy and cost-per-case. Nevertheless, the Medically Needy component exceeded performance standards for all three outcomes. (See Exhibit 3 for details.)

The Social Security component of the program improved the accuracy of its decisions over 1995-96 levels and exceeded the performance standard. However, performance declined on measures of timeliness and cost efficiency. For example, the average number of days required to complete an initial Title XVI (SSI) disability determination increased from 80 to 96 days. The Social Security component did not achieve the performance standard on the timeliness measure. Its cost-per-case exceeded the performance standard by 6%. (See Exhibit 3 for details.)

National performance data suggests that the declines in performance for the Social Security component of the program reflect national trends that partly result from changes in federal requirements. For example, timeliness may have been adversely affected by increased federal documentation and medical evidence requirements. In addition, changes in federal law resulted in a change in the mix of case types processed by the program. During the 1996-97 fiscal year, states were required to reconsider the eligibility of children and of persons whose drug addiction or alcoholism contributed to their disability. This caseload increase led to a delay in processing new claims.

Despite decreased performance in the area of cost efficiency, Social Security Administration data

indicates that Florida has the third lowest cost-per-case in the nation. It also performs at about the national average on two other performance measures; accuracy and production-per-work-year. However, Florida has one of the longest case processing times in the nation, which is due, in part, to a staff attrition rate that is two and one-half times the national average (discussed on page 7). Appendix B compares the performance of the Social Security component to the national average and comments on performance in relation to comparable states.

Does the program's performance measurement system provide information that has relevance and utility for evaluating the program?

The performance measures provide accurate and useful information on program performance, but could be improved. The timeliness measure is not the best indicator of program performance, the meanings of some measures are not clear, and some performance standards are not reasonable.

The program has established control systems sufficient to ensure that performance data is accurately presented. The data used for measuring the performance of the Disability Determination Program are maintained primarily by federal information systems.³ Several state and federal entities are involved in reviewing this data, including the Department of Labor and Employment Security's quality assurance unit and Inspector General, Florida's Auditor General, and regional and national Social Security Administration quality assurance units. Reports by these entities have noted no significant issues that lead us to question the reliability or validity of program data.⁴

Although the 1996-97 performance data provided useful and accurate information about program performance, three factors limit the effectiveness of the measures as tools for evaluating program performance:

- **The current *timeliness* measure is not the best indicator of the program's efficiency in processing claims.** The average number of days to process cases is not the best way to measure timeliness because it fails to demonstrate how

³ Medically Needy Program data is maintained and reviewed at the state level only.

⁴ Our review and the department's Inspector General's assessment of data noted small differences between source documents and the program's reported performance. However, these differences did not affect overall program performance.

overall performance could be adversely affected by a small number of cases that take a disproportionate amount of time to process. Reporting the percentage of determinations completed within specific time frames would provide more meaningful information. For example, reporting the percentage of Medically Needy claims processed in under 70 days would demonstrate the program's compliance with the processing time specified in its contract with the Department of Children and Families.

- **The meaning of the some measures are not clear.** Measures are based on federal definitions, and have specific meanings that are not readily apparent. *Accuracy* does not refer to the percentage of correct decisions, but is a weighted measure of the number of case files that contain adequate documentation and the number of cases in which a claim was accurately denied or approved. The *decisions completed* measure refers to cases cleared, even if a decision was not made. Finally, it is not clear that the *cost-per-case* measure is reported as an indexed figure rather than an actual figure.

In addition, some performance standards in the 1996-97 General Appropriations Act do not reflect reasonable benchmarks for evaluating program performance. In some cases, the department set standards to reflect a lower level of performance than had been achieved during the prior year. Exhibit 3 provides the program's performance over the past three years and an assessment of program standards.

What policy alternatives could lead to increased program efficiency and effectiveness?

Since Florida's Disability Determination Program follows federal rules and procedures, there is limited potential for state initiatives to improve performance and reduce costs. However, the program is currently participating in two federal pilot projects that, in the long-term, may result in greater timeliness. In the short-term, the program could increase its timeliness by taking steps to retain experienced staff and developing strategies to shorten the period of time it takes to receive medical records.

A major challenge facing disability determination programs is increasing the timeliness of eligibility decisions. Delays in the processing time for claims

create hardship for disabled claimants who may have few resources due to their inability to work and may lack access to medical care to stabilize or improve their conditions. In addition, states may incur costs, such as temporary cash assistance, during the approval period

for individuals who actually qualify for federal assistance. Actions at the federal and state levels could lead to improved efficiencies in the disability determination process.

Exhibit 3 Program Performance Trends: The Florida Disability Determination Program

Measure	Fiscal Year 1994-95	Fiscal Year 1995-96	Fiscal Year 1996-97	1996-97 GAA Standard ¹	Standard Reasonable?	Performance Improvement in 1996-97?
Outcomes						
Timeliness (Days to complete an initial determination):						
• Title II (SSDI)	70 days	74 days	84 days	70 days	No, too ambitious given added federal requirements.	<i>Social Security component</i> did not meet standard
• Title XVI (SSI)	80 days	80 days	96 days	80 days		
• Medically Needy	129 days	111 days	95 days	120 days (lower number of days is better)		
Accuracy of decisions:						
• Titles II and XVI	92.3%	93.2%	94.1%	90.6%	No, standard represents lower level of performance than prior year for <i>both</i> components	<i>Social Security component</i> met standard
• Medically Needy	92.1%	95.9%	94.9%	90.6% (higher accuracy percent is better)		
Cost-per-case:						
• Titles II and XVI	\$231	\$262	\$274 ²	\$260	Yes, standard reasonable for <i>Social Security component</i>	<i>Social Security component</i> did not meet standard
• Medically Needy	\$195	\$157	\$179	\$213 (lower cost per case is better)	No, standard for <i>Medically Needy component</i> represents a 35% increase in cost	<i>Medically Needy component</i> met standard
Outputs						
Total decisions completed:						
• Titles II and XVI	216,788	200,109	200,972	210,900	Standards are based on federal and state projections of the number of Floridians who will apply for benefits	<i>Social Security component</i> did not meet standard
• Medically Needy	7,370	7,682	7,629	6,600 (more decisions is better)		
Production-per-work-year:³						
• Titles II and XVI	311	296	268.4	300	Yes, <i>Social Security component</i> standard is reasonable	<i>Social Security component</i> did not meet standard
• Medically Needy	335	343	358.5	300 (higher productivity is better)	No, standard for <i>Medically Needy component</i> represents lower level of performance than prior year	<i>Medically Needy component</i> met standard

¹ These are the standards that appear in the General Appropriations Act for 1996-97; the 1996-97 program standards listed in the Legislative Budget Request for 1998-99 are not correct.

² This figure represents actual performance; the program's 1998-99 Legislative Budget Request reported a cost-per-case of \$276 for 1996-97.

³ The General Appropriations Act for 1996-97 refers to this measure as "number of claims processed per FTE."

Source: General Appropriations Act for Fiscal Year 1996-97; department Legislative Budget Requests for Fiscal Years 1996-97 through 1998-99

Federal Initiatives. The Social Security Administration is implementing several redesign initiatives that focus on making the disability determination process more understandable for claimants, and reducing the time claimants wait for a decision. As part of this effort, Florida is involved in two pilot projects, which are described in Exhibit 4. Although long-term efficiencies may be experienced if the pilots are found to achieve the desired result, the redesign plan will not be fully implemented until at least the year 2000.

Exhibit 4

The Social Security Administration Is Pilot Testing Two New Approaches to Processing Claims

The <i>single decision-maker</i> process eliminates some current medical review requirements.	This approach is expected to reduce claims processing time by eliminating the need for a medical consultant review for some claims.
The <i>disability claims manager</i> process combines the technical, financial, and medical determinations of eligibility that are currently performed by separate federal and state workers.	This approach gives claimants access to the decision-maker and is expected to reduce overall processing time by reducing the number of appealed decisions.

Source: Social Security Administration documents and General Accounting Office reports

State Initiatives. Despite federal restrictions on operations, Florida's Disability Determination Program could improve the timeliness of its Social Security decisions. It could also improve the timeliness of its decisions in the Medically Needy component of the program.

- Florida could decrease the time it takes for disabled citizens to receive federal benefits by decreasing the staff attrition rate in the Social Security component of the program. Florida's program has one of the highest attrition rates in the nation; two and one-half times the national average. In 1996-97, 70% of the staff processing initial applications had less than one year of experience. According to the Social Security Administration, the productivity level of newer staff is significantly lower than experienced staff.

The federal government has agreed to cover 100% of the cost of providing higher salaries to staff who process claims for the Social Security Administration, anticipating that staff attrition will decline and result in an increase in the timeliness

of disability decisions. To address concerns related to the equity of approving a pay parity package for program staff, Florida's Department of Management Services was asked to conduct a study of the program's proposal. The Department of Management Services found that an upward salary adjustment would not disrupt equity with staff in other agencies who perform comparable work. The pay parity package will improve the salaries of both entry level and experienced staff.

The Agency has included in its 1998-99 Legislative Budget Request a request for the additional appropriations needed to implement the pay parity package. This includes an additional \$22,000 general revenue appropriation to the Agency for Health Care Administration to cover the state Medicaid match for the Medically Needy component of the program. It also includes an additional appropriation of \$2 million in federal funds. The \$22,000 investment of general revenue funds would result in \$2 million in new federal funds for the pay parity package.

- Gathering medical evidence adds a significant amount of time to the decision process. Developing strategies to shorten the period of time it takes to receive medical records could increase the timeliness of disability decisions. The department indicates it is currently working with other states' disability determination offices to develop time-saving strategies such as the use of electronic transfer and facsimile machines.
- The program could also improve its performance by eliminating duplication between the federal and state components. According to program staff, almost half of the applicants for the state Medically Needy Program file, or have recently filed, an application for Social Security disability insurance. Although federal policy allows the Medically Needy Program to adopt a determination made by staff in the Social Security component, a Florida federal court order predating that policy requires the Medically Needy Program to make a separate determination.⁵ The state is currently seeking to amend the court order in light of the federal policy. The reduced work load that would result from eliminating duplicate decisions would lead to improved timeliness in the Medically Needy component of the program.

⁵ Hankerson v. Coler, No. 89-6091-CIV-Roettger (S.D. Fla., oral argument January 1998)

Conclusions and Recommendations

The Disability Determination Program performs essential functions that benefit Florida's disabled citizens. Although the federal component met its standard for only one measure, its performance was consistent with national trends caused by changes in federal requirements. Florida's program is ranked among the more productive and cost-effective in the nation, but it could improve its performance-based budgeting system for Fiscal Year 1998-99 and could improve the timeliness of its eligibility decisions.

While the program's performance measures provide useful and accurate information about program performance, we recommend that the Legislature:

- replace the *number of days to complete a decision* measure with the percentage of determinations completed within specified time frames to more accurately reflect the program's efficiency in processing cases. The Social Security Administration reports this type of information in its 1997 Performance Report;
- have the department clarify the meanings of measures that appear in the D-2 portion of the Legislative Budget Request (e.g., provide footnotes that define the *accuracy* and *decisions completed* measures and indicate "indexed" next to the cost measure); and
- set performance standards that more accurately reflect reasonable benchmarks for evaluating program performance (e.g., raise the standards for the *accuracy* measures and for the Medically Needy component's *timeliness*, *production-per-work-year* and *cost-per-case* measures; and lower the standard for the Social Security component's *timeliness* measure).

To improve the timeliness of the program, we recommend that:

- the department develop process strategies to shorten the period of time it takes to receive medical records; and
- the Legislature consider the department's request to appropriate an additional \$2 million in federal dollars and \$22,000 in general revenue funds (needed to cover the state Medicaid match) for a pay parity package to reduce staff attrition and thereby increase the timeliness of disability decisions.

Given the federal changes in requirements regulating the program and the proposed changes in policy, we do not recommend any incentives or disincentives at this time.

Agency Response

Florida Department of Labor and Employment Security
Office of the Secretary
February 13, 1998

Mr. John W. Turcotte, Director
Office of Program Policy Analysis and
Government Accountability (OPPAGA)
Room 312, Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32301

Dear Mr. Turcotte:

As required by Section 11.45(7)(d), Florida Statutes, the Department of Labor and Employment Security is submitting the enclosed response to OPPAGA's preliminary findings and recommendations in its Program Evaluation and Justification Review: Disability Determination Program Administered by the Department of Labor and Employment Security.

We appreciate the opportunity to comment on this report. We also wish to thank OPPAGA staff for their diligent work in reviewing and making recommendations to us for improving our performance. If you have any questions, please contact Mr. J. David Sellars, Director, Office of Disability Determinations at 488-3330.

Sincerely,

/s/ Doug Jamerson

DJ/cmj

cc: Ms. Debbie Gilreath
Mr. James F. Mathews
Mr. J. David Sellars

**Response to recommendations made by the Office of Program Policy
Analysis and Government Accountability**

**Program Evaluation and Justification Review:
Disability Determination Program
Administered by the Department of Labor and Employment Security**

OPPAGA RECOMMENDATION #1:

Replace the number of days to complete a decision measure with the percentage of determinations completed within specified time frames to more accurately reflect the Program's efficiency in processing cases. The Social Security Administration reports this type of information in its 1997 Performance Report;

AGENCY RESPONSE:

We concur with this recommendation, although its is not feasible to implement at this time. While this type of information is reported on the national level by the Social Security Administration (SSA) in its 1997 Performance Report, the source of that data is unknown. That data is not captured in SSA's Cost Effective Management System, which is the basis for comparison among states and benchmarking. At this time, revising the measure as recommended would require additional resources to capture and report the requisite performance data.

However, SSA's Strategic Plan for 1997-2002 does contain several objectives related to this measure. The inclusion of such objectives would appear to indicate that a provision for measuring case processing time in a manner similar to that recommended by OPPAGA will be developed and implemented in the data collection and reporting system utilized by the state Disability Determinations programs by the year 2002. Based on these initiatives, we feel that a measure reflecting percentage of determinations completed within specified time frames could be implemented at a later date in concert with changes implemented by SSA.

OPPAGA RECOMMENDATION #2:

Have the Department clarify the meanings of measures that appear in the D-2 portion of the Legislative Budget Request, e.g., provide footnotes that define the accuracy and decisions completed measures; and indicate "Indexed" next to the cost measure;

AGENCY RESPONSE:

We concur. In consultation with the Department Inspector General's Office, we will clarify the meaning of measures that appear in the D-2 portion of the Legislative Budget Request. We will provide footnotes that define the accuracy

and decisions completed measures. We will also indicate "indexed" next to the cost per case measure.

OPPAGA RECOMMENDATION #3:

Set performance standards that more accurately reflect reasonable benchmarks for evaluating Program performance (e.g., raise the standards for the "accuracy" measures and for the Medically Needy component's "timeliness, production-per-work-year and cost-per-case measures", and lower the standard for the Social Security component's "timeliness" measure.)

AGENCY RESPONSE:

We concur. In the FY 1998-99 Legislative Budget Request, we have proposed changes in standards for both programs that consider agency performance capability.

OPPAGA RECOMMENDATION #4:

To improve the timeliness of the Program, we recommend that:

- *The Department develop process strategies to shorten the period of time it takes to receive medical records;*

AGENCY RESPONSE:

We concur. This is a continuing process by our office, in concert with efforts by the Social Security Administration. For example, we are currently increasing the number of fax machines in our operational offices and working with our medical sources to improve the process.

OPPAGA RECOMMENDATION #5:

The Legislature consider the Department's request to appropriate an additional \$2 million in federal dollars and \$22,000 in general revenue funds (needed to cover the state Medicaid match) for a pay parity package to reduce staff attrition and thereby increase the timeliness of disability decisions.

AGENCY RESPONSE:

We concur.

Appendix A

Summary of the Program Evaluation and Justification Review: Disability Determination Program Administered by the Department of Labor and Employment Security

Issue	OPPAGA Conclusions
The identifiable cost of the program	The program's appropriation for Fiscal Year 1996-97 was \$58.8 million. Federal funds covered 99% of the Legislature's appropriation. (See pages 2 and 3.)
The specific purpose of the program, as well as the specific public benefit derived therefrom	The program's purpose is to determine if Floridians meet the federal definition of "disabled," and thereby qualify for federal disability insurance programs and state Medicaid disability programs. (See pages 1 and 2.)
Progress towards achieving the outputs and outcomes associated with the program	Program performance reflected declines in operational efficiency from the previous year. However, these declines were consistent with national trends and Florida's program is ranked among the more productive and cost-effective in the nation. Nevertheless Florida has one of the longest case processing time in the nation. (See pages 4-5 and Appendix B.)
An explanation of circumstances contributing to the state agency's ability to achieve, not achieve, or exceed its projected outputs and outcomes, as defined in s. 216.011, F.S., associated with the program	Declining performance may be attributed to increased federal documentation and medical evidence requirements, and special caseloads resulting from changes in federal law. (See page 4.)
Alternative courses of action that would result in administering the program more efficiently and effectively	The program's efficiency and effectiveness could be improved by: <ul style="list-style-type: none"> • taking steps to retain experienced staff (see pages 5 - 7); and • eliminating duplicate decisions by the Social Security and Medically Needy components of the program (see pages 5 - 7).
The consequences of discontinuing the program	If the state eliminates the Social Security Disability Insurance component of the program, the federal government would take over the function. This would result in: <ul style="list-style-type: none"> • over 800 fewer state government jobs that are fully funded by the federal government (see page 4); and • possible increased cost to the state for the Medically Needy Program, which realizes efficiencies by using the existing Social Security Administration structure in the state (see page 4).
Determination as to public policy, which may include recommendations as to whether it would be sound public policy to continue or discontinue funding the program, either in whole or in part	At little cost to the state, the program performs an essential function that benefits disabled citizens of Florida. (See page 4.)
Whether the information reported pursuant to s. 216.03(5), F.S., has relevance and utility for the evaluation of the program	While the performance-based program budgeting measures provide useful information about program performance, they could be improved. (See page 5.)
Whether state agency management has established control systems sufficient to ensure that performance data are maintained and supported by state agency records and accurately presented in state agency performance reports	The program has established control systems sufficient to ensure that performance data is accurately presented. Performance data is maintained primarily by federal information systems and appears to be accurate. (See page 5.)

Appendix B

On Most Performance Measures, the Disability Determination Program Performed Well Compared to Other States During Federal Fiscal Year 1997

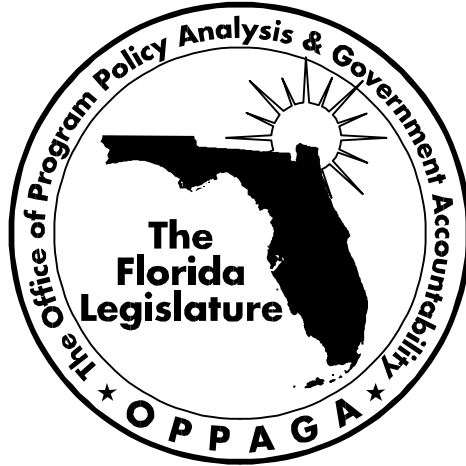
Measure	Florida ¹	National Average	Florida's Performance in Relation to Other States
Timeliness Title II (SSDI) Title XVI (SSI)	89 days 102 days	68.2 days 75 days	<ul style="list-style-type: none"> Florida had a longer processing time than the national average. Florida had the longest processing time in relation to comparable states.²
Accuracy	93.4	93.85	<ul style="list-style-type: none"> Florida performed at about the national average in the accuracy of its disability determinations. Comparable states had an accuracy rate similar to Florida's.
Cost-per-case	\$274	\$346	<ul style="list-style-type: none"> Florida's cost-per-case was lower than the national average; it was the third lowest in the nation. Comparable states averaged \$28 to \$136 more per case.
Production-per-work-year	267.9	262.1	<ul style="list-style-type: none"> Florida slightly exceeded the national average in production per work year. In relation to comparable states, Florida's production-per-work-year was high.
Claims processed	211,566	3.8 million (total national claims)	<ul style="list-style-type: none"> Florida's Office of Disability Determination processed almost 6% of the Social Security Administration's workload in 1997.

¹This performance information differs from Exhibit 3 because federal and state fiscal years consist of different calendar months.

²Comparison based on performance in relation to the following states, which are similar to Florida in population size and characteristics: California, Illinois, Michigan, New York, Ohio, Pennsylvania, and Texas. The Social Security Administration uses a complex weighting formula to arrive at indexed figures that allow for comparison among states.

Source: Social Security Administration operations reports

The Florida Legislature
Office of Program Policy Analysis
and Government Accountability



ANNOUNCEMENT

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