

# PB<sup>2</sup> Performance Report

No. 98-51

February 1999

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## Disability Determination Program Performance Generally Improved Overall During FY 1997-98

*This report assesses the performance of the Disability Determination Program based on 1997-98 measures and comments on measures proposed for 1999-2000 under performance-based program budgeting (PB<sup>2</sup>).*

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### Summary

- During Fiscal Year 1997-98, the Disability Determination Program improved its performance on most of its PB<sup>2</sup> outcome measures. The timeliness of decisions improved for both the federal and state components of the program, and the cost per case for the federal component decreased. However, the accuracy of decisions declined slightly for the federal component of the program. The program also increased its outputs during the year and processed more disability determination applications than it did in Fiscal Year 1996-97.
- The program's accountability system met OPPAGA's expectations in three of four areas (*program purpose and goals, data reliability, and reporting of information and its use by management*). The program's performance measures and standards need some modification.
- The Disability Determination Program has used the same performance measurement system since it began operating under a performance-based program budget in 1996. While the system provides useful and accurate information, we recommend several modifications for Fiscal Year 1999-2000. Some standards should be revised to reflect more reasonable performance expectations, and the program should begin benchmarking its performance against other states.
- We provided a draft copy of this report to the Secretary of the Department of Labor and Employment Security, who generally agrees with our findings. Based on the preliminary draft of this report, the program submitted a revised Exhibit D-2 that incorporates some of OPPAGA's suggestions for improving the PB<sup>2</sup> system.

## Background

The Disability Determination Program, administered by Florida's Department of Labor and Employment Security, collects and reviews evidence to determine if Florida citizens meet eligibility criteria for two types of disability benefits. In the federal component of the program, staff determine if citizens meet the federal definition of “disabled” and are medically eligible for federal Social Security disability programs. In the state component of the program, staff make Medicaid disability determinations for Florida’s Department of Children and Families.

The Social Security Administration covers the full cost of determining medical eligibility for the federal component of the program. Two federal programs provide support for disabled individuals and their families: the *Title II* Program (Social Security Disability Insurance - SSDI), which provides partial replacement of earnings when a disability interferes with the ability to work; and the *Title XVI* Program (Supplemental Security Income - SSI), which provides a minimum level of income to the disabled based on their financial need. The Social Security Administration also sets the policies, procedures, and rules that the program must use to make a disability determination, and it pays benefits to Floridians who meet program eligibility criteria.

The state and federal government share the cost of determining eligibility for the state component of the program. “Medically Needy” programs provide medical benefits to disabled Floridians who do not qualify for federal disability insurance programs because of income and asset requirements. These Florida optional Medicaid programs use federal disability criteria to establish eligibility.

In Fiscal Year 1997-1998, the Disability Determination Program completed over 230,000 eligibility determinations for the federal component, and almost 8,000 decisions for the state component of the program. Federal funds covered almost 99% of the program’s appropriation for the fiscal year.

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## Performance

The Disability Determination Program made modest performance improvements during Fiscal Year 1997-98; performance on most outcome and output measures increased. The program's performance-based budgeting (PB<sup>2</sup>) system provided accurate and generally useful information about program performance, but more reasonable performance expectations would have improved the utility of the PB<sup>2</sup> system for evaluating the program.

During the past year, the timeliness of the program's decisions improved somewhat over 1996-97 levels, and accuracy of decisions improved for the state component of the program. The cost per case for the federal component of the program decreased and remained relatively stable for the state component. But after several years of improvement, the accuracy of decisions completed for the federal component declined slightly.

Program outputs also increased during 1997-98. Both the federal and state components completed more decisions than they had during the prior year, and staff processing federal claims increased their production. However, operational efficiency declined for the state Medically Needy component of the program.

Performance standards for most outcome measures were not reasonable. While some standards were set below the previous year's performance, others were too ambitious given past performance. See Appendix A for more detailed comments about the program's performance during Fiscal Year 1997-98.

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## Proposed Performance Measures

The program does not propose any changes to its performance measures for Fiscal Year 1999-2000. However, we recommend that the program add additional information that will enable the Legislature to monitor the performance problem with timeliness that was identified in our 1998 *Program Evaluation and Justification Review: Disability Determination Program Administered by the Department of Labor and Employment Security*, Report No. 97-52. We also recommend a number of adjustments to the proposed performance standards to make them more reasonable performance expectations, given the additional resources the program is requesting. See Appendix B for detailed comments on the programs proposed performance-based program budgeting system.

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## Rating of Program Accountability

A key factor in PB<sup>2</sup> is that agencies need to develop strong accountability systems that enable the Legislature and the public to assess program performance. An accountability system consists of these key elements: program purpose or goals, performance measures, a process for valid and reliable data, and credible reports of performance that can be used to manage the program. Our rating tells decision-makers whether they can rely on the program's performance information. We compare the components of an accountability system against our established criteria to determine the rating.

Accountability System Component	Meets Expectations	Needs Some Modifications	Needs Major Modifications
Program Purpose and Goals	X		
Performance Measures		X	
Data Reliability	X		
Reporting Information and Use by Management	X		

Source: OPPAGA analysis

**Summary of Accountability Rating.** The Disability Determination Program's accountability system meets OPPAGA expectations in three of the four elements specified in the above table. The program has a clear purpose and goals. Performance objectives are consistent with the program's goals, and program performance information is maintained by the federal Social Security Administration and appears to be reliable.

While, the program's performance measurement system is generally good, it needs some modifications. While the program improved its approach to setting performance standards for the 1998-99 fiscal year, several proposed standards for Fiscal Year 1999-2000 do not represent reasonable performance expectations. For example, given additional resources the program is requesting, the timeliness and production per FTE standards for the federal component of the program should be raised. Finally, since all states have disability determination programs, we recommend that Florida's program benchmark its performance against other states. This information would provide a better context for assessing the effectiveness of Florida's disability determination program.

When the program begins collecting and reporting this additional information and improves its method of setting performance objectives, it will meet all of our criteria for having an adequate accountability system.

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## For More Information

For further information about this program see OPPAGA Report No. 97-52, *Program Evaluation and Justification Review: Disability Determination Program Administered by the Department of Labor and Employment Security* or contact Susan Munley, OPPAGA Policy Analyst, at (850) 487-9221 or <mailto:munley.susan@mail.oppaga.state.fl.us>.

## Appendix A

### *Analysis of Program Performance for Each of Its Performance Measures*

During Fiscal Year 1997-98, the Disability Determination Program improved its performance on most of its PB<sup>2</sup> outcome measures. The timeliness of decisions improved for both the federal and state components of the program, and the federal component decreased its cost per case. However the accuracy rate declined for the federal component of the program. The program also increased its outputs during the year and processed more disability determination applications than it did in Fiscal Year 1996-97.

#### *Outcome Measures*

Performance		1997-98	Met	Comments
1996-97	1997-98	Standard	Standard?	
Average number of days required to complete initial disability decisions				
Title II				The federal components of the program improved the timeliness of decisions over 1996-97 levels (lower number of days is better). The program did not meet the performance standards, which were too ambitious.
84	82	70	No	
Title XVI				
96	86	80	No	
Average number of days required to complete initial Medically Needy decisions				
95	89	111	Yes	The state Medically Needy component of the program also improved the timeliness of its decisions. While it bettered the performance standard by 22 days, the standard was not reasonable because it represented a lower level of performance than the program achieved in the prior year.
Percentage of Title II/XVI decisions completed accurately as measured by the Social Security Administration				
94.1%	91.7%	90.6%	Yes	After several years of steady improvement, the federal component of the program experienced a decline in accuracy during Fiscal Year 1997-98. However the program exceeded the performance standard for accuracy, which was set below the previous year's performance.

## Outcome Measures

Performance		1997-98	Met	Comments
1996-97	1997-98	Standard	Standard?	
Percentage of Medically Needy decisions completed accurately as measured by the internal ODD Quality Assurance section				
94.9%	96.2%	90.6%	Yes	<b>The accuracy of decisions for the state Medically Needy component of the program improved during Fiscal Year 1997-98.</b> While the performance standard was exceeded, the standard did not represent a reasonable performance expectation since it was set at a lower level than prior performance.
Cost per Case (Titles II and XVI)				
\$274	\$264	\$248	No	<b>Florida's cost per case for processing disability applications for the Social Security Administration continues to decline.</b> However the performance standard for Fiscal Year 1997-98 was not met.
Cost per Case (Medically Needy)				
\$179	\$181	\$188	Yes	<b>The cost per case for the state Medically Needy component of the program remained relatively stable, increasing by only \$2.</b> The program bettered the performance standard, which was set at a lower level (higher cost) than the prior year's performance.

## Output Measures

Performance		1997-98	Met	Comments
1996-97	1997-98	Standard	Standard?	
Number of Title II and Title XVI disability decisions completed				
200,972	230,454	240,000	No	<b>The federal Social Security component of the program completed more decisions than it had in the prior year,</b> and it nearly met the standard for number of decisions completed.

## Output Measures

Performance 1996-97	1997-98	1997-98 Standard	Met Standard?	Comments
Number of Titles II & XVI claims processed per FTE				
268.4	278	300	No	After several years of declining performance, program staff increased their production per work year for Social Security claims in Fiscal Year 1997-98. Even with this improvement, the performance standard was not met.
Number of Medically Needy decisions completed				
7,629	7,965	7,682	Yes	Program staff completed more Medically Needy decisions in Fiscal Year 1997-98 than in the prior year and exceeded the performance standard.
Number of Medically Needy claims processed per FTE				
358.5	334	343	No	Production per work year declined for the Medically Needy program component during Fiscal Year 1997-98. The performance dropped below the standard.

## Other Performance Measures

1997-98 Performance	Comments
Performance in relation to other states	
For <i>federal</i> Fiscal Year 1997:	Although the program does not provide information about its performance in relation to other states, this type of benchmarking is useful in assessing program performance. Comparative performance was obtained from Social Security Administration operations reports, which provide information for <i>federal</i> Fiscal Year 1997.
<ul style="list-style-type: none"> <li>Florida takes longer to process disability determination applications than most states, and had one of the longest <i>case processing times</i> in the nation;</li> <li>Florida's <i>accuracy</i> was at about the national average; and</li> <li>Florida's <i>cost per case</i> was the third lowest in the nation.</li> </ul>	

Source: *Performance-Based Program Budgeting Official Performance Ledger Fiscal Year 1998-99*, Executive Office of the Governor, State of Florida; comments on measures and standards and analysis of Social Security Administration operations reports by OPPAGA

## Appendix B

### *OPPAGA Recommendations for the Disability Determination Program's Fiscal Year 1999-2000 Measures*

The Disability Determination Program has used the same performance measurement system since it began operating under a performance-based program budget in 1996. While the system provides useful and accurate information, we recommend several modifications for Fiscal Year 1999-2000. Standards should be revised to reflect more reasonable performance objectives, and the program should begin benchmarking its performance against other states.

In response to the preliminary draft of this report the program submitted a revised Exhibit D-2 that incorporated some of OPPAGA's suggestions for improving the PB<sup>2</sup> system. Those changes are reflected in the analysis of measures below.

#### *Fiscal Year 1999-2000 Outcome Measures*

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Average number of days required to complete initial disability decisions under <i>Title II</i>	80	<b>We recommend adoption of this measure.</b> However it would be reasonable to expect a more significant improvement in timeliness, i.e., a lower number of days to complete decisions, if the program receives the additional resources it has requested for Fiscal Year 1999-2000. The additional resources are being requested for a pay parity package that is expected to decrease the attrition rate for experienced staff and lead to increased timeliness of decisions. <b>If the program receives the additional funds, we recommend raising the performance standard to a level that is congruous with the additional resources directed towards the goal of increasing timeliness.</b> The Social Security Administration has agreed to cover the full cost of the pay parity package for staff who process claims for the federal component of the program.
Average number of days required to complete initial disability decisions under <i>Title XVI</i>	80	<b>We recommend adoption of this measure.</b> The proposed performance standard is reasonable.



## Fiscal Year 1999-2000 Outcome Measures

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Average number of days required to complete initial disability decisions under Medically Needy	70	<p><b>We recommend adoption of this timeliness measure.</b> The proposed standard represents a significant improvement in performance from the 89 days it took to complete a decision in 1997-98 and the 95 and 111 days it took in 1996-97 and 1995-96, respectively. The proposed standard is in line with the program's request for 16 additional FTEs.</p> <p>The program is requesting additional FTEs due to current litigation against the state (Spencer vs. Chiles) which requests that the state make disability decisions within the time frame required for Medicaid decisions by the Code of Federal Regulations. To meet the 90-day federal requirement, the Department of Children and Families (DCF) requires a disability decision be made within 70 days to allow for additional processing time within DCF. The cost of the additional FTEs would be shared equally by the federal government and the state.</p>
Percentage of <i>Title II</i> and <i>Title XVI</i> decisions completed accurately as measured by the Social Security Administration	92%	<p><b>We recommend adoption of the accuracy measure.</b> The performance standard for federal claims has been raised to a level consistent with the prior year's performance (in the past, the accuracy standard has been set at a lower level than past performance). However it should be noted that the 1997-98 performance on which the standard is based reflected a decline in accuracy over the three previous years. The program should strive to reverse the trend of declining performance.</p>
Percentage of Medically Needy decisions completely accurately as measured by the internal ODD Quality Assurance section	94%	<p><b>We recommend adoption of this measure.</b> The performance standard appears to be reasonable. While the proposed standard represents a slight decline in performance on the accuracy measure (from 96.2% in Fiscal Year 1997-98), a short-term decline in accuracy would be expected if the program is authorized the additional FTEs it has requested. Given the complexity of the task, new claims processors need at least one full year to function at an acceptable level.</p>

## *Fiscal Year 1999-2000 Outcome Measures*

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
<b>Cost per Case (Titles II and XVI)</b>	\$281	<b>We recommend adoption of this measure.</b> The proposed cost per case standard for the federal component of the program is within a reasonable range, given past performance. If the standard is met, the cost per case will have increased by \$17 over the prior year. This increase is in line with the pay parity package the program has requested. However, the program should ensure that it balances its low cost per case against processing claims in a timely manner.
<b>Cost per Case (Medically Needy)</b>	\$181	<b>We recommend adoption of this measure.</b> The proposed cost per case standard for the state Medically Needy component of the program is reasonable. It represents the same level of performance achieved during the 1997-98 fiscal year.

## *Fiscal Year 1999-2000 Output Measures*

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
<b>Number of Title II and XVI disability decisions completed</b>	229,593	<b>We recommend adoption of this measure.</b> The proposed standard represents the same level of performance as the prior year and is not in line with the programs request for additional resources. If the program is able to raise salaries and reduce staff attrition, the more experienced claims processors would be expected as a group to help contribute to a higher level of output.
<b>Title II/XVI production per work year (Fiscal Year 1996-97 – Number of Titles II and XVI claims processed per FTE)</b>	275	<b>We recommend adoption of this efficiency measure.</b> The proposed performance standard for production per work year represents a slight decline in efficiency and should be raised. If the Legislature approves the requested pay parity package for Fiscal Year 1999-2000, the program should closely monitor if the package has the expected effect of retaining experienced staff. The retention of more experienced staff should result in greater efficiencies, and the performance standard should be adjusted accordingly.

### *Fiscal Year 1999-2000 Output Measures*

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Number of Medically Needy total case clearances	18,365	<b>We recommend adoption of this measure.</b> The proposed standard represents more than a doubling of outputs. The standard is ambitious, but may be achievable if the program is authorized the additional 16 FTEs it has requested.
Medically Needy production per work year (Fiscal Year 1996-97 - No. of Medically Needy claims processed per work year)	334	<b>We recommend adoption of this measure.</b> The performance standard for the production per work year measure for the state Medically Needy component of the program is set at the same level as 1997-98 fiscal year performance. Program staff will be challenged to maintain this level of performance, given the large number of new staff being requested for the disability determination process.

## OPPAGA Recommendations for Additional Measures, Fiscal Year 1999-2000

Measures	Comments
<b>Percentage of cases processed within established timeframes</b>	<p>As pointed out in our 1998 program evaluation and justification review, <i>Disability Determination Program Administered with the Department of Labor and Employment Security</i>, the program's current timeliness measure for the Social Security component is not adequate. It would be more meaningful for the program to report on the percentage of cases that are processed within established timeframes.</p> <p>In response to our 1998 review, Report No. 97-52, the program indicated that although the Social Security Administration reports this type of information in its performance reports, the data is not available to the states. We encourage the program to request this data from the Social Security Administration and include the information in future PB<sup>2</sup> proposals.</p>
<b>Florida's performance in relation to other states</b>	<p>The program's current performance-based budgeting system does not benchmark performance against other states. Benchmarking would provide valuable information about program performance, such as how long Floridians, compared to citizens of other states, wait to receive federal disability benefits.</p> <p>There are difficulties inherent in benchmarking against other states, such as time lags in receiving information and differences in state and federal fiscal years. However, we recommend that the program devise a way of informing the Legislature of its performance from a broader perspective.</p> <p>Social Security Administration operations reports contain comparative information based on the federal fiscal year. The Disability Determination Program could either report its national ranking or use the comparative information to better assess its performance.</p>

Source: *Department of Labor and Employment Security's Legislative Budget Request for Fiscal Year 1999-2000*; comments on measures and standards prepared by OPPAGA staff

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