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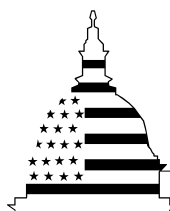
Testimony
Before the Subcommittee on Social
Security, Committee on Ways and Means,
House of Representatives

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ELECTRONIC DISABILITY CLAIMS PROCESSING

Social Security Administration's Accelerated Strategy Faces Significant Risks

Statement of Linda D. Koontz, Director
Information Management Issues



G A O

Accountability ★ Integrity ★ Reliability



Highlights of [GAO-03-984T](#), testimony before the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Providing benefits to disabled individuals is one of the Social Security Administration's most important service delivery obligations—touching the lives of about 10 million individuals. In recent years, however, providing this benefit in a timely and efficient manner has become an increasing challenge for the agency. This past January, in fact, GAO designated SSA's disability programs as high-risk.

Following a prior unsuccessful attempt, the agency is now in the midst of a major initiative to automate its disability claims functions, taking advantage of technology to improve this service. Seeking immediate program improvements, SSA is using an accelerated approach—called AeDib—to develop an electronic disability claims processing system.

At the request of the Subcommittee, GAO is currently assessing the strategy that underlies SSA's latest initiative to develop the electronic disability system. For this testimony, GAO was asked to discuss its key observations to date regarding the AeDib initiative, including strategy, risks, and stakeholder involvement.

GAO plans to discuss more fully the results of this continuing review in a subsequent report.

www.gao.gov/cgi-bin/getrpt?GAO-03-984T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda Koontz at (202) 512-6240 or koontzl@gao.gov.

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What GAO Found

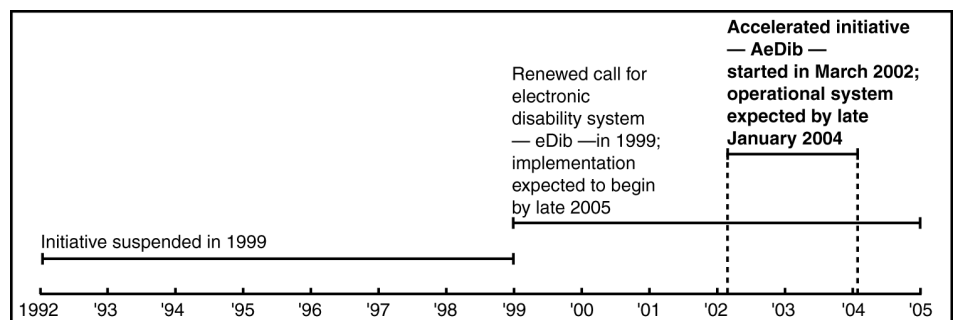
SSA's goal to establish a more efficient, paperless disability claims processing system is important, and one that could benefit millions. To achieve this goal, SSA's immediate focus is on developing an electronic folder to store claimant information and large volumes of medical images, files, and other documents that are currently maintained in paper folders, and then make this information accessible to all entities involved in disability determinations. SSA's accelerated strategy calls for development of this capability by January 2004 rather than in 2005, as originally planned. (See figure.)

Since accelerating this effort, SSA has performed important tasks toward establishing this initial electronic capability. Nonetheless, it has substantial work to accomplish in order to develop the technologically complex electronic folder and begin implementation by late next January.

While responsive to the agency's need for an operational system as soon as possible, SSA's accelerated strategy involves risks. For example, pilot tests that are to provide important information about the electronic folder's performance are not expected until late December—just 1 month before its planned implementation. In addition, a strategy for end-to-end testing to demonstrate that the individual components will work together reliably has not been completed. Further increasing the system's vulnerability is that SSA has not yet comprehensively assessed project risks. Unless addressed, these factors could ultimately derail the initiative.

While SSA has taken steps to involve key stakeholders in the systems development process, officials in state Disability Determination Services offices that we contacted expressed concerns that they had only limited involvement in the development effort. They stated that their concerns were not adequately heard and considered in the decision-making process. Unless SSA addresses these issues, it cannot be assured of stakeholder agreement with and full use of the system.

History of SSA's Efforts to Achieve an Electronic Disability Claims Processing System



Source: GAO.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to participate in your continuing dialogue on the Social Security Administration's (SSA) service-delivery capability. My testimony focuses on a critical aspect of SSA's overall goal—its ongoing initiative to achieve an electronic disability claims process. As you know, one of SSA's most vital obligations is paying cash benefits to disabled individuals under the Disability Insurance and Supplemental Security Income programs. In 2002, the agency paid approximately \$86 billion to about 10 million disabled beneficiaries. Yet, over the years, it has become an increasing challenge for SSA to ensure an acceptable level of service—both in terms of quality and timeliness. This past January, in fact, we reported SSA's disability programs as high-risk.¹

During testimony before this Subcommittee in May 2002, the Commissioner of Social Security voiced concerns about the length of time that the current disability process can take, and promised immediate improvements. Among these improvements, she announced plans to accelerate SSA's initiative to develop an electronic disability claims process by late January 2004 rather than late 2005 as initially planned. SSA's refocused project is known as the accelerated electronic disability initiative—AeDib.

At your request, we are currently reviewing AeDib to assess SSA's strategy for developing the electronic disability claims process. My testimony will discuss our key observations to date regarding the initiative, including SSA's (1) accelerated approach for and progress toward completing the electronic disability system, (2) actions for ensuring the system's successful operations and protection against risks, and (3) consultation with and support from key stakeholders. We plan to discuss more fully the results of our ongoing review in a subsequent report to you.

In conducting this work, we analyzed relevant documentation describing SSA's plans and strategies for developing and implementing the AeDib system and its progress in doing so. We reviewed technical documents pertaining to the system development and interviewed appropriate SSA officials to determine the extent to which the agency has followed its software development guidance. We supplemented our analysis with

¹U.S. General Accounting Office, *Major Management Challenges and Program Risks: Social Security Administration*, [GAO-03-117](#) (Washington, D.C.: January 2003).

interviews of SSA officials in the Offices of Disability Programs, Operations, Systems, and Hearings and Appeals. In addition, we visited SSA field offices in Delaware and Texas to observe disability claims intake operations and obtain staff perspectives on the AeDib project. We also conducted site visits at the Delaware, New York, Texas, and Wisconsin Disability Determination Services (DDS) offices to observe disability system pilot tests and discuss these offices' involvement in planning and implementing AeDib. Further, we surveyed staff in six other DDS offices, and interviewed representatives of state and SSA employees and the medical community. These included the National Council of Disability Determination Directors, the American Federation of Government Employees, and the American Health Information Management Association. We performed our work to date in accordance with generally accepted government auditing standards, from December 2002 through July of this year.

Results in Brief

SSA's goal of achieving an electronic disability claims process represents an important, positive direction toward more efficient delivery of disability payments to an increasing beneficiary population. In undertaking AeDib, SSA's immediate focus is on developing the capability to allow claimant information and large volumes of medical images, files, and other documents that are currently maintained in paper folders to be stored in electronic folders, and then accessed, viewed, and shared by the disability processing offices. Since announcing the accelerated initiative in May 2002, SSA has made progress toward attaining this capability, including implementing initial automated claims-intake functions in its field offices. Nonetheless, substantial work remains—the most crucial of which is developing document management and scanning and imaging capabilities that are fundamental to achieving the electronic folder.

SSA's current strategy, however, involves risks that could jeopardize its successful transition to an electronic disability process. A pilot test that would determine whether technology supporting the electronic folder will work as intended, is not expected to be completed until at least December—just 1 month before SSA plans to begin implementing the electronic folder to the disability offices—leaving the agency little time to incorporate test results. The agency also does not currently plan to perform end-to-end testing to demonstrate, prior to the national implementation, how successfully the multiple components will operate together to electronically process disability claims. Adding to the system's vulnerability is that SSA has not yet performed a comprehensive

assessment to identify and establish strategies for mitigating project risks that could result in cost, schedule, and performance shortfalls.

Finally, SSA has not yet successfully resolved certain concerns among key disability stakeholders regarding the AeDib strategy. SSA officials maintain that they have involved stakeholders in developing AeDib through including them in working groups and steering committee meetings. However, state DDSs in particular, have significant concerns about how the system is being developed and implemented, and do not believe that their offices have been effectively involved with SSA in making key decisions about the initiative; they question whether this strategy will effectively support their business processes. Further, although physicians and other providers of medical evidence are critical to the disability process, SSA's consultations with the medical community have thus far been limited and their representatives have concerns about electronically submitting evidence for disability determinations. Until SSA can ensure itself and all stakeholders that the concerns have been effectively considered and addressed—and the stakeholders view themselves as fully engaged in the initiative—the agency risks not having full acceptance and use of this vital service-delivery tool.

Background

The Disability Insurance and Supplemental Security Income programs are the nation's largest providers of federal income assistance to disabled individuals, with SSA making payments of approximately \$86 billion to about 10 million beneficiaries in 2002. The process through which SSA approves or denies disability benefits is complex and involves multiple partners at both the state and federal levels in determining a claimant's eligibility. Within SSA, these include its 1,300 field offices, which serve as the initial point of contact for individuals applying for benefits, and the Office of Hearings and Appeals, which, at the request of claimants, reconsiders SSA's decisions when benefits are denied.

SSA also depends on 54 state Disability Determination Services (DDS) offices to help process claims under its disability insurance programs.² State DDSs provide crucial support to the initial disability claims process—one that accounts for most of SSA's workload—through their role in determining an individual's medical eligibility for disability benefits. DDSs

²DDSs are located in all 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

make decisions regarding disability claims in accordance with federal regulations and policies; the federal government reimburses 100 percent of all DDS costs in making disability determination decisions. Physicians and other members of the medical community support the DDSs by providing the medical evidence to evaluate disability claims.

The process begins when individuals apply for disability benefits at an SSA field office, where determinations are made about whether they meet nonmedical criteria for eligibility. The field office then forwards the applications to the appropriate state DDS, where a disability examiner collects the necessary medical evidence to make the initial determination of whether the applicant meets the definition of disability. Once the applicant's medical eligibility is determined, the DDS forwards this decision to SSA for final processing.

Claimants who are initially denied benefits can ask to have the DDS reconsider its denial. If the decision remains unfavorable, the claimant can request a hearing before a federal administrative law judge at an SSA hearings office, and, if still dissatisfied, can request a review by SSA's Appeals Council. Upon exhausting these administrative remedies, the individual may file a complaint in federal district court. Each level of appeal, if undertaken, involves multi-step procedures for the collection of evidence, information review, and decision making. Many individuals who appeal SSA's initial decision will wait a year or longer—perhaps up to 3 years—for a final decision.

To address concerns regarding the program's efficiency, in 1992 SSA initiated a plan to redesign the disability claims process, emphasizing the use of automation to achieve an electronic (paperless) processing capability. The automation project started in 1992 as the Modernized Disability System, and was redesignated the Reengineered Disability System (RDS) in 1994. RDS was to automate the entire disability claims process—from the initial claims intake in the field office to the gathering and evaluation of medical evidence at the state DDSs, to payment execution in the field office or processing center, and including the handling of appeals at the hearings offices. However, our prior work noted that SSA had encountered problems with RDS during its initial pilot

testing.³ For example, systems officials had stated that, using RDS, the reported productivity of claims representatives in the SSA field offices dropped. They noted that before the installation of RDS, each field office claims representative processed approximately five case interviews per day. After RDS was installed, each claims representative could process only about three cases per day. As a result, following an evaluation by a contractor, SSA suspended RDS in 1999 after approximately 7 years and more than \$71 million reportedly spent on the initiative.

In August 2000 SSA issued a management plan with a renewed call for developing an electronic disability system by the end of 2005. The strategy was to incorporate three components: an electronic disability intake process that would include (1) a subset of the existing RDS software, (2) the existing DDS claims process, and (3) a new system for the Office of Hearings and Appeals. The management plan also provided for several pilot projects to test the viability and performance of each project component. SSA's work on this effort occurred through the spring of 2002, at which time the Commissioner announced that she had begun an accelerated initiative to more quickly automate the disability claims process. The agency anticipated that, with technologically advanced disability processing offices, it could potentially realize benefits of more than \$1 billion, at an estimated cost of approximately \$900 million, over the 10-year life of the accelerated initiative.

AeDib's Strategy Calls For Developing and Integrating Multiple Disability System Projects

In undertaking AeDib, SSA has embarked on a major initiative consisting of multiple projects that are intended to move all partners in its disability claims adjudication and review to an electronic business process. SSA envisions that AeDib will allow its disability components to stop relying on paper folders to process claims and to develop new business processes using legacy systems and information contained in an electronic folder to move and process all of its work. In so doing, SSA anticipates that AeDib will enable disability components to achieve processing efficiencies, improve data completeness, reduce keying errors, and save time and money.

³U.S. General Accounting Office, *Social Security Administration: Technical and Performance Challenges Threaten Progress of Modernization*, [GAO/AIMD-98-136](#) (Washington, D.C.: June 19, 1998).

The AeDib strategy focuses on developing the capability for claimant information and large volumes of medical images, files, and other documents that are currently maintained in paper folders to be stored in electronic folders, and then accessed, viewed, and shared by the disability processing offices. SSA is undertaking five key projects to support the strategy:

- An Electronic Disability Collect System to provide the capability for SSA field offices to electronically capture information about the claimant's disability and collect this structured data in an electronic folder for use by the disability processing offices;
- A Document Management Architecture that will provide a data repository and scanning and imaging capabilities to allow claimant information and medical evidence to be captured, stored, indexed, and shared electronically between the disability processing offices.
- Internet applications that will provide the capability to obtain disability claims and medical information from the public via the Internet.
- A DDS systems migration and electronic folder interface that will migrate and enhance the existing case processing systems to allow the state disability determination services offices to operate on a common platform and prepare their legacy systems to share information in the electronic folder; and
- A Case Processing and Management System for the Office of Hearings and Appeals that will interface with the electronic folder and enable its staff to track, manage, and complete case-related tasks electronically.

According to SSA, the Electronic Disability Collect System and the Document Management Architecture are the two fundamental elements needed to achieve the electronic disability folder. By late January 2004, SSA plans to have developed these two components. It also expects to have completed five Internet disability applications, enhanced the DDS legacy systems, and developed the software that will allow existing SSA and DDS systems to interface with the electronic folder. However, SSA will not yet have implemented the scanning and imaging capabilities and the interface software to enable each disability processing office to access and use the data contained in the electronic folder. SSA officials explained that, at the end of next January, the agency plans to begin an 18-month rollout period, in which it will implement the scanning and imaging capabilities and

establish the necessary interfaces. SSA has drafted but not yet finalized the implementation strategy for the rollout.

SSA Has Completed Important AeDib Tasks, But Much Work Remains

SSA has performed several important project tasks since beginning the accelerated initiative in 2002. For example, it has implemented limited claims-intake functionality as part of the Electronic Disability Collect System, and begun additional upgrades of this software. In addition, it has developed two Internet applications for on-line forms to aid claimants in filing for disability benefits and services. Further, to support electronic disability processing, SSA is in the process of migrating and upgrading hardware and case processing software to allow all of the 54 state DDSs to operate on a common platform,⁴ and has begun developing software to enable the DDS systems to interface with the electronic folder. SSA has also performed some initial tasks for the Document Management Architecture, including developing a system prototype, establishing requirements for the scanning capability, and drafting a management plan and training strategy.

Nonetheless, the agency still has a significant amount of work to accomplish to achieve the electronic disability folder by the end of next January. While substantial work remains for each of the AeDib components, primary among SSA's outstanding tasks is completing the Document Management Architecture's development, testing, and installation at the agency's National Computer Center. Table 1 illustrates SSA's progress through last June in accomplishing tasks included in the AeDib initiative, along with the many critical actions still required to develop and implement the electronic disability processing capability.

⁴Thirty of the 54 state DDSs previously operated on a platform consisting of Wang hardware and iLevy disability processing software. SSA is now moving all DDSs to an IBM series platform in an attempt to achieve consistency among all DDS systems in processing disability claims.

Table 1: Status of Tasks Involved in Developing the AeDib

AeDib component	Tasks completed as of June 30, 2003	Tasks to be completed by January 30, 2004	Planned January 2004 project status	Key tasks to be completed during 18-month national rollout (2/2004–7/2005)
Electronic Disability Collection System (EDCS)	Developed EDCS release 4.2.3 Developed EDCS release 5.0 Developed EDCS release 5.1 Drafted training strategy	Develop electronic folder interface requirements for AeDib legacy systems Develop software for version 6.X <ul style="list-style-type: none"> • Complete design and legacy system support for v6.0 • Complete validation for V.6.01 • Complete validation for V6.02 • Complete design, legacy system support, and integration and environmental testing for V6.1 • Validate software • Conduct integration and environmental testing • Release software to production • Train users 	EDCS software v.6 operational in all SSA field offices. It will automate the disability interview process. Data will be propagated to EDCS and /or the electronic folder from SSA mainframe systems and disability Internet applications.	None reported.

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AeDib component	Tasks completed as of June 30, 2003	Tasks to be completed by January 30, 2004	Planned January 2004 project status	Key tasks to be completed during 18-month national rollout (2/2004–7/2005)
Document Management Architecture (DMA)	Developed document imaging and management system prototype	Develop procurement strategies Conduct performance engineering and tuning	DMA infrastructure established in the SSA National Computer Center	Ensure site preparation for DMA
	Provided technical training to DMA staff	Conduct validation		
	Developed management approach and plan	Conduct integration and environmental testing		Roll out DMA infrastructure (e.g., casual scanning equipment, object repository servers, scanning and imaging servers, and fax servers) Conduct process evaluation
	Developed DMA requirements	Install pilots		
	Acquired AeDib pilot infrastructure	Conduct pilot testing		
	Drafted training strategy	Evaluate pilot results		
		Address any pilot issues		
		Setup production environment		
		Procure AeDib infrastructure		
		Establish object management system		
		Contract with outsourced scanning vendors for national scanning support		
		Finalize training strategy		

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AeDib component	Tasks completed as of June 30, 2003	Tasks to be completed by January 30, 2004	Planned January 2004 project status	Key tasks to be completed during 18-month national rollout (2/2004–7/2005)
Internet disability applications	Developed and released into production Internet form 3368 (disability report)	Complete Internet form 3820 (child) • Validation	Public will have Internet access to disability applications ^a • i3368 (disability report)	None reported.
	Developed and released into production Internet form 827 (authorization to release information)	• Integration testing • Pre-release tasks	• i827 (authorization to release information) • i3820 (child)	
	Drafted training strategy	Complete Internet form 3369 (work history) • Construction including hardware, capacity management, security support activities • Software development • Software validation • Integration testing • Pre-release tasks • Complete Internet form 3441 (appeals) • Construction including hardware, capacity management, security support activities • Software development • Validation • Integration testing • Pre-release tasks	• i3369 (work history) • i3441 (appeals) Data will be automatically generated to EDCS from the i3368 (disability report), i3820 (child), i3369 (work history), and i3441 (appeals).	

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AeDib component	Tasks completed as of June 30, 2003	Tasks to be completed by January 30, 2004	Planned January 2004 project status	Key tasks to be completed during 18-month national rollout (2/2004–7/2005)
DDS AS/400 migration and electronic folder interface	Contracted for AS/400 migration and electronic folder interface	Complete migration of iLevy software	Enhanced legacy systems prepared to interface with electronic folder	Install DMA infrastructure based on rollout schedule and strategy Complete changes to New York and Nebraska legacy systems to interface with electronic folder
	Installed AS/400 hardware	Complete procurement of IBM AS/400 upgrades		
	Provided core AS/400 training	Complete IBM install upgrades		
	Drafted training strategy	Complete AS/400 training		
		Install print servers Complete software changes to support electronic folder interface		
		Conduct process evaluation		
Hearings and appeals Case Processing Management System (CPMS)	Documented business process description	Complete post-demo requirements	CPMS stand-alone software without management information functionality and prepared to interface with electronic folder	Complete development of CPMS management information functionality
	Developed software development plan	Conduct system validation		
	Developed pre-demo requirements	Conduct integration and environmental testing		Roll out CPMS software to hearings and appeals sites starting in March 2004
	Drafted training strategy	Establish CPMS software for pilot		
		Conduct pilot training		Conduct training
		Conduct pilot		
		Begin pilot evaluation		Install DMA infrastructure
		Begin to address any pilot issues		
		Finalize training strategy		

Source: GAO analysis of SSA AeDib project documentation.

^aSSA reported that Disability Internet form i454 (Continuing Disability Review) is being revised and will not be available by January 2004.

As the table reflects, SSA's electronic disability claims process hinges on accomplishing numerous critical tasks by the end of January 2004. In discussing the overall progress of the initiative, SSA officials in the Offices of Systems and Disability Programs acknowledge that the agency will be severely challenged to accomplish all of the tasks planned for completion by the end of January. Nonetheless, they believe that SSA will meet the targeted project completion dates, stating that the agency has conducted

the necessary analyses to ensure that the accelerated schedule can accommodate the project's scope.

Risks in Developing the Electronic Disability System Increase AeDib's Overall Vulnerability

Beyond meeting an ambitious project implementation schedule, SSA must ensure that the system it delivers successfully meets key business and technical requirements for reliably exchanging data among disability processing components and is protected from errors and vulnerabilities that can disrupt service. Accomplishing this necessitates that SSA conduct complete and thorough testing to provide reasonable assurance that systems perform as intended. These include tests and evaluations of pilot projects to obtain data on a system's functional performance and end-to-end tests to ensure that the interrelated systems will operate together effectively. In addition, the success of the system will depend on the agency identifying and mitigating critical project risks.

SSA plans to rely on pilot tests and evaluations to help guide business and technical decisions about the electronic disability folder, including critical decisions regarding the document management technology. For example, SSA stated that the Document Management Architecture pilots will be used to test electronic folder interface requirements and DDS site configurations for AeDib national implementation. In addition, the pilots are expected to test the business process and work flow associated with incorporating the Document Management Architecture. SSA has stated that this information is crucial for determining whether the technology selected for the Document Management Architecture will adequately support the electronic folder.

However, SSA may not be able to make timely and fully informed decisions about the system based on the pilot test results. The pilot tests were to begin this month, and some of the test results upon which decisions are to be based are not expected to be available until the end of December at the earliest,⁵ leaving little time to incorporate the results into the system that is to be implemented by late January. Further, even when completed, the pilot tests will provide only limited information about the electronic folder's functionality. SSA stated that they will not test certain essential aspects of the folder usage, such as the DDS's disability determination function. Thus, whether SSA will have timely and complete information needed to make

⁵SSA plans to conduct the pilot tests at three state DDS sites—North Carolina, Illinois, and California—beginning this month. It plans to complete the tests in December.

decisions that are essential to developing and implementing the electronic disability folder is questionable.

In addition, given the technological complexity of the AeDib project, the need for end-to-end testing is substantial. Our prior work has noted the need for such testing to ensure that interrelated systems that collectively support a core business area or function will work as intended in a true operational environment.⁶ End-to-end testing evaluates both the functionality and performance of all systems components, enhancing an organization's ability to trust the system's reliability. SSA's development and use of new electronic tools to integrate an electronic folder with its own and DDS legacy systems, along with Web-based applications and the new Document Management Architecture, elevates the importance of ensuring that all parts will work together as intended.

However, the agency currently has not completed a test and evaluation strategy to conduct end-to-end testing to demonstrate, before deployment, that these systems will operate together successfully. They added that conducting end-to-end testing would require delaying system implementation to allow the time needed for a claim to be tested as it moved through all of the disability components—a process that could take up to 6 months to complete. However, determining that all AeDib components can correctly process disability claims when integrated is vital to SSA's knowing whether the electronic disability system can perform as intended.

Compounding AeDib's vulnerability is that SSA has not yet undertaken a comprehensive assessment of project risks to identify facts and circumstances that increase the probability of failing to meet project commitments, and taking steps to prevent this from occurring. Best practices and federal guidance⁷ advocate risk management. To be effective, risk management activities should be (1) based on documented policies and procedures and (2) executed according to a written plan that provides for identifying and prioritizing risks, developing and implementing appropriate risk mitigation strategies, and tracking and reporting on

⁶U.S. General Accounting Office, *Year 2000 Computing Crisis: FAA Is Making Progress But Important Challenges Remain*, [GAO/T-AIMD/RCED-99-118](#) (Washington, D.C.: March 15, 1999).

⁷See, for example, *Software Acquisition Capability Maturity ModelSM* (CMU/SEI-99-TR-002, April 1999); OMB Circular A-130 (November 30, 2000).

progress in implementing the strategies. By doing so, potential problems can be avoided before they manifest themselves into cost, schedule and performance shortfalls.

SSA has developed a risk management plan to guide the identification and mitigation of risks, and based on that plan, has developed a high-level risk assessment of program and project risks. The high-level assessment, which SSA issued last February, identified 35 risks that the agency described as general in nature and addressing only overall program management issues related to the project's costs, schedule, and hardware and software. For example, one of the high-level risks stated that the overall availability of the Document Management Architecture might not meet service-level commitments. The related mitigation strategy stated that the agency should continue to investigate various approaches to ensure the system's availability.

SSA has acknowledged the potential for greater risks given the electronic case processing and technological capability required for AeDib. Further, in response to our inquiries, its officials stated that the agency would conduct and document a comprehensive assessment of project risks by June 30 of this year. The officials added that AeDib project managers would be given ultimate responsibility for ensuring that appropriate risk-mitigation strategies existed and that SSA had tasked a contractor to work with the managers to identify specific risks associated with each system component. However, at this time, SSA is still without a comprehensive assessment of risks that could affect the project. Until it has a sound analysis and mitigation strategy for AeDib, SSA will not be in a position to cost-effectively plan for and prevent circumstances that could impede a successful project outcome.

Unresolved Stakeholder Concerns Could Undermine AeDib's Success

Integral to AeDib's success are disability process stakeholders that SSA relies on to fulfill the program's mission, including state disability determination officials and medical providers. As primary partners in the disability determination process, stakeholders can offer valuable and much-needed insight regarding existing work processes and information technology needs, and their stake and participation in the systems development initiative is essential for ensuring its acceptance and use. In assessing lessons learned from SSA's earlier attempt to implement the failed Reengineered Disability System, Booz-Allen and Hamilton recommended that SSA at all times keep key stakeholders involved in its process to develop an electronic disability processing capability.

SSA disability program and systems officials told us that the agency has involved its various stakeholders in developing AeDib. They stated that the agency has entered into memorandums of understanding for data sharing with state DDSs, established work groups comprising DDS representatives to obtain advice on development activities, and included these stakeholders in steering committee meetings to keep them informed of the project's status. In addition, SSA stated, it has met with representatives of major medical professional associations to seek their support for SSA's requests for releases of medical evidence.

However, officials that we contacted in nine of the ten DDS offices stated that their concerns were not adequately heard and considered in the decision-making process for the development of AeDib, despite the critical and extensive role that states play in making disability determinations. Because of this limited involvement, the National Council of Disability Determination Directors, which represents the DDSs, stated that they were concerned that SSA may be pursuing an automated disability strategy that could negatively affect business operations by creating delays in the ability to make decisions on disability cases. The DDS representatives stated that SSA has not articulated a clear and cohesive vision of how the disability components will work to achieve the AeDib goal and that decisions about AeDib were being made without considering their perspectives. They explained, for example, that SSA's decision to use a scanning and imaging vendor to whom medical providers would have to submit evidence would introduce an additional step into the disability process, and might result in DDSs' not being able to effectively manage the critical information that they need to make disability determinations. Further, they have questions about how in the disability process evidence will be electronically stored, noting that SSA has proposed, but not yet decided among, three possible scenarios for establishing repositories to house medical evidence.

Last March, the National Council of Disability Determination Directors made three suggestions to SSA aimed at allowing the DDSs to have greater responsibility for this aspect of the disability business process. Among their proposals was that DDSs (1) be allowed to manage the contractors who will be responsible for scanning and imaging all records received from medical providers; (2) have the choice of receiving electronic medical evidence at a repository maintained at their sites rather than at remote, centralized locations; and (3) be allowed to test the possibility of scanning records after, rather than before, the DDS adjudicates a claim. According to the council, this latter approach would ensure that the DDSs could make timely and accurate disability determinations, while also allowing SSA the

time to perfect the electronic business process and transition to the initial case process. As of last week, however, SSA had not responded. For its part, SSA stated that it is reviewing, but has not yet taken a position on, the council's proposals.

SSA's consultation with the medical community (physicians and other sources of medical evidence used to evaluate disability claims) also has been limited. These stakeholders are critical, as they represent the basic source of most of the information that states use to evaluate an individual's disability. One of the key savings that SSA anticipates from AeDib is based on physicians and other medical sources electronically transmitting or faxing medical evidence that is now mailed to the DDSs. SSA has estimated that as much as 30 percent of all medical evidence could be faxed or electronically received from these providers, with the majority of it being faxed. In speaking with American Health Information Management Association officials in Georgia and Wisconsin, however, they expressed concern about the possibility that SSA will want medical providers to fax evidence. They cited the voluminous nature of much of the medical evidence that they send to the DDSs, and believe that faxing it would be too costly and not secure.

Our review to date has not assessed the validity of the concerns expressed by the stakeholders, or SSA's responses to them. Nonetheless, as long as such concerns exist, SSA must be diligent in pursuing a mutually agreed-upon understanding with its stakeholders about its vision and plan of action being pursued. SSA's success in implementing AeDib depends heavily on resolving all outstanding issues and concerns that could affect the use and, ultimately, the outcome of the intended electronic capability. Without stakeholders' full and effective involvement in AeDib's planning and development, SSA cannot be assured that the system will satisfy critical disability process requirements and be used as intended to achieve desired processing efficiencies and improved delivery of services to beneficiaries.

To summarize, Mr. Chairman, in moving toward an electronic disability process, SSA has undertaken a positive and very necessary endeavor. Having the means to more effectively and efficiently provide disability benefits and services is essential to meeting the needs of a rapidly aging and disabled population, and we applaud the Commissioner's determination and proactive pursuit of this service-delivery enhancement.

Nonetheless, SSA's accelerated strategy may involve risks of delivering a system that will not sufficiently address its needs. The execution of critical pilot tests that are not scheduled for completion until December or later, coupled with the lack of planned end-to-end testing and a comprehensive assessment of risks, may prevent SSA from delivering an information technology capability based on sound and informed decision making. Moreover, uncertainties about the successful outcome of this project are exacerbated by concerns that key stakeholders in the disability process continue to have. Given the importance of this project to SSA's future service-delivery capability, it is essential that the agency satisfy itself that AeDib will perform as intended with minimal risk before it is deployed nationwide. We will continue to monitor SSA's progress on this initiative as part of our ongoing review.

This concludes my statement. I would be happy to respond to any questions that you or other members of the Subcommittee may have at this time.

GAO Contacts and Staff Acknowledgments

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