



## Legislative Fiscal Bureau

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August 4, 2009

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health Services: Governor's Section 13.10 Requests for the Use of Federal Economic Stimulus Funding for the Disability Determination Bureau -- Agenda Item VIII

### REQUEST

The Governor requests that the Joint Committee on Finance approve the allocation and expenditure of \$1,300,000 (\$450,000 in 2009-10 and \$850,000 in 2010-11), from moneys received under the federal American Recovery and Reinvestment Act (ARRA) of 2009, to support social security disability determination activities conducted by the Department of Health Services (DHS).

### BACKGROUND

The Disability Determination Bureau (DDB) in the DHS Division of Health Care Access and Accountability conducts determinations for several state and federal programs that base eligibility on disability status. The programs for which the DDB conducts determinations include social security disability insurance (SSDI), supplemental security income (SSI), medical assistance, the Katie Beckett program, and the medical assistance purchase plan (MAPP).

Disability examiners and medical professionals at DDB determine whether an individual has an illness, injury or condition that meets the legal definition of disability under the Social Security Act. This determination is based on medical records and other information that show how an individual is affected by physical or mental conditions.

The DDB has 248.5 total positions, including 191.5 examiner positions. The examiner positions include 5.0 hearing officers, 2.0 vocational rehabilitation specialists, 5.0 quality assurance specialists, 3.0 mentors, 1.0 training coordinator, and 4.0 special projects analysts. These positions are supported with funds from the Social Security Administration. Since federal fiscal year (FFY) 2005-06, the DDB has received approximately 63,000 disability claims annually. However, after 43 weeks of FFY 2008-09, the DDB has received 57,947 disability

claims. If this weekly average continues, the DDB will receive approximately 70,000 claims in the current fiscal year.

There is currently a backlog of 6,779 claims that have not yet been assigned to examiners, with initial applications taking an average of 129 days to receive a determination. Although this backlog has fluctuated, the most recent numbers suggest that the backlog is larger than in recent years. The following table provides the size of the backlog at the end of June of each year since 2004.

**Number of Claims not Assigned to an Examiner ("Backlog")  
As of June 30 of Each Year**

<u>Year</u>	<u>Number of Claims</u>
2004	3,949
2005	2,926
2006	870
2007	3,472
2008	2,291
2009	6,563

**ANALYSIS**

ARRA provides funding to address increased workloads for disability and retirement benefits. A total of \$500 million is provided to support new federal employment, new state employment, new hardware, and support for health information technology (HIT). The SSA indicates that this stimulus funding is provided to address anticipated increases in demand for programs related to economic conditions.

DHS indicates that it will include two projects for the use of the stimulus funds in the spending plan submitted to the federal government: (a) promotion of the use of electronic medical records (EMRs) for disability determination, to be expended in 2010-11; and (b) hiring of 4.0 disability examiner project positions.

*A. HIT Initiative (\$400,000)*

Total ARRA funding provided to states for HIT initiatives equals \$20 million, to be distributed under a competitive bid process. SSA expects to make 20 awards, which it will issue in September. The Department would use \$400,000 in 2010-11 to upgrade HIT to allow the electronic transfer of records from health care providers to the DDB. This would presumably increase the efficiency of making determinations for claimants whose health care providers can access the system.

The SSA has indicated that this funding must be targeted to health care providers who already use EMRs. The Chicago office of the SSA has recommended certain entities that could work with the DDB in this project. These include the Medical College of Wisconsin, Dean

Health System, Gundersen Lutheran, UW Health, and the Rural Wisconsin Health Cooperative as potential provider groups. However, it is still uncertain which of these organizations would participate in this project, or if additional providers would participate as well.

*B. Increased Examiner Staff (\$591,600)*

The administration's initial request included \$450,000 in each year of the biennium to hire and train new examiner positions to process disability claims. However, this request was based on preliminary information and estimates on the number of positions that would be approved by the SSA, prior to being informed that funding for 4.0 positions would be provided. Based on this updated information, the Department indicates that the 4.0 examiner staff positions will cost \$295,800 in each year of the biennium, based on the mid-point salary for that position. This new cost includes salary, fringe, overtime, and indirect costs for the four new positions.

The SSA has approved these project positions, and the positions will be included in the state's spending plan submitted to the federal government. The Department has already is currently recruiting these new positions, which will be hired as project positions with a two-year term of employment. These positions would perform the same examining duties as the current examiner staff.

Although these initiatives are anticipated to improve the current backlog of disability claims, it is unclear at this time how large of an impact will occur due to the ARRA-funded HIT project, and the additional 4.0 positions.

## **ALTERNATIVES**

1. Approve an increase in expenditure authority of \$1,300,000 (\$450,000 in 2009-10 and \$850,000 in 2010-11) in federal ARRA funds to support activities conducted by the Disability Determination Bureau. This is the amount of the Governor's original request.
2. Approve an increase in expenditure authority of \$991,600 (\$295,800 in 2009-10 and \$695,800 in 2010-11) in federal ARRA funds to support activities conducted by the Disability Determination Bureau. This amount differs from the initial request to reflect updated estimates on the cost of hiring 4.0 project positions.
3. Deny the request.

Prepared by: Sam Austin