

SOCIAL SECURITY ADMINISTRATION

ASSISTANCE LISTING 96.001 SOCIAL SECURITY – DISABILITY INSURANCE

ASSISTANCE LISTING 96.006 SUPPLEMENTAL SECURITY INCOME

I. PROGRAM OBJECTIVES

The Disability Insurance (DI) program was established in 1954 under Title II of the Social Security Act and provides benefits to disabled wage earners and their families in the event the family wage earner becomes disabled (Section 201 et seq. of the Social Security Act). In 1974, Congress enacted Title XVI, the Supplemental Security Income (SSI) program, which provides payments to financially needy individuals who are aged, blind, or disabled (Section 1601 et seq. of the Social Security Act).

II. PROGRAM PROCEDURES

The Social Security Administration (SSA) is responsible for administering the DI and SSI programs. The disability process begins when a person, referred to as a “claimant,” completes an application for DI benefits or SSI payments (20 CFR 404.601 et seq.). SSA field office staff verifies the claimant’s nonmedical eligibility (Program Operations Manual System (POMS) DI 10005.001). The claim is then forwarded to the state Disability Determination Services (DDS) for a medical determination of disability. DDSs make disability determinations based on the law and regulations and on written guidelines issued by SSA (POMS DI 22501.002). To assist in making proper disability determinations, the DDS is authorized to purchase medical examinations, x-rays, and laboratory tests on a consultative basis to supplement evidence obtained from the claimant’s physicians or other treating sources (POMS DI 39545.120).

The SSA pays the DDS for 100 percent of the costs incurred in making disability determinations (POMS DI 39501.020). Each year the state DDS submits a budget request to SSA for review and approval (POMS DI 39501.030). The DDS is notified of budget approval by Form SSA-872, State Agency Obligational Authorization for SSA Disability Programs. Once approved, the DDS is allowed to withdraw federal funds through the Department of the Treasury’s Automated Standard Application for Payment system to meet immediate program expenses (POMS 39506.100). At the end of each quarter of each fiscal year, the DDS submits a Form SSA-4513, State Agency Report of Obligations for SSA Disability Programs, to account for program disbursements and obligations and a Form SSA-4514, Time Report of Personnel Services for Disability Determination Services, to account for employee time (POMS DI 39506.200 et seq.).

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use

Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	Y	N	Y	N	N	Y	N	Y

A. Activities Allowed or Unallowed

1. Reimbursement for the cost of activities shall be in accordance with the budget request approved by SSA (POMS DI 39503.000 and 39506.000).
2. Activities allowed under the disability programs include personnel services, purchased medical services, indirect costs, and other non-personnel costs (42 USC 421(e) and (f); 20 CFR sections 404.1626 and 416.1026).
3. Purchased medical services, such as Medical Evidence of Record (MER) and Consultative Examinations (CE), must be in accordance with the DDS fee schedule for purchased medical services (POMS DI 39545.000).

B. Allowable Costs/Cost Principles

1. *Direct Costs* – The SSA POMS contains guidance on direct costs for both the DI and SSI programs.
 - a. Personnel services (POMS DI 39518.000) include personnel costs and employee benefits.
 - b. Purchased medical services (POMS DI 39545.000) include MER and CE.
 - c. Other non-personnel costs include travel (POMS DI 39524.000), office space (POMS DI 39527.000), equipment (POMS DI 39530.000), and contracted services (POMS DI 39542.000).

2. *Indirect Costs* – Indirect costs charged to the disability program should be based on the rate approved by the cognizant federal agency as evidenced by a written agreement. Indirect costs, which may be charged to the disability program, generally arise from three sources:
 - a. Administrative costs of the parent agency related to DDS;
 - b. Business costs associated with the accounting, billing, and procurement services provided by the parent agency for the DDS; and
 - c. Automated services provided to the DDS that are operated by the parent agency.
3. *Non-SSA Work* – Some DDSs make disability determinations for claims not related to SSA benefits. When a DDS performs non-SSA work, a Memorandum of Understanding should exist between the state and the SSA Regional Commissioner that outlines the specifics of the non-SSA work. SSA should not be charged the costs on the non-SSA program work (POMS DI 39563.210).

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Not Applicable
- d. *SSA-4513, State Agency Report of Obligations for SSA Disability Programs* – This report is due quarterly for each fiscal year still open in order to account for program disbursements and unliquidated obligations (POMS DI 39506.202).
- e. *SSA-4514, Time Report of Personnel Services for Disability Determination Services* – This report is due quarterly to account for employee time (POMS DI 39506.230).

2. Performance Reporting

Not Applicable

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

N. Special Tests and Provisions

1. Consultative Examinations Process

Compliance Requirements Each state agency is responsible for comprehensive oversight management of its CE process and for ensuring accuracy, integrity, and economy of the CE process (20 CFR sections 404.1519s and 416.919s, and POMS DI 3945.075). As part of these duties, DDSs must have and follow procedures for performing medical license verifications to ensure that only qualified providers perform CEs for DDSs (POMS DI 39545.075). By “qualified,” SSA means that the medical source must:

- a. Be currently licensed in the state and have the training and experience to perform the type of examination or test the DDS requests; and
- b. Not be barred from participation in Medicare or Medicaid programs or other federal or federally assisted programs (20 CFR sections 404.1519g and 416.919g).

Prior to using the services of any CE provider, the DDS must:

- a. Check the System of Award Management (SAM) website, <https://sam.gov/SAM/>; and
- b. Verify medical licenses, credentials, and certifications with state medical boards (POMS DI 39569.300).

Audit Objectives Determine whether the state agency performed the required reviews to ensure that only qualified providers perform CEs.

Suggested Audit Procedures

- a. Determine whether the state agency has written procedures for verifying, before engaging the services of a provider and periodically thereafter, whether providers have valid medical licenses and are currently excluded, suspended, or barred from participation in federal or federally assisted programs; and whose license to provide health care is not currently lawfully revoked or suspended by any state licensing authority for reasons of fraud, abuse, or professional misconduct, as identified on the SAM website (<https://sam.gov/SAM/>).
- b. Select a sample of CE service agreements entered into during the audit period and determine whether, before using the services of the CE provider,

- (1) the state agency checked the HHS OIG List of Excluded Individuals and Entities (LEIE); and
 - (2) verified medical licenses, credentials, and certifications with state medical boards.
- c. Determine whether:
- (1) The state agency performed a periodic review for each CE;
 - (2) The results were adequately documented; and
 - (3) As appropriate, actions were taken to terminate CE agreements.

IV. OTHER INFORMATION

Disbursements for the DI and SSI programs are not accounted for separately. Expenditures for both programs should be reported on the Schedule of Expenditures of Federal Awards under DI (Assistance Listing 96.001).