



**Office of Inspector General**  
**DBS Social Security Reimbursement Program**

**Report #A-1718-009**

**June 2018**

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**Executive Summary**

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In accordance with the Department of Education’s fiscal year (FY) 2017-2018 audit plan, the Office of Inspector General (OIG) conducted an audit of the Division of Blind Services (DBS) Social Security Reimbursement Program. The purpose of this audit was to determine if DBS has sufficient controls in place to identify and submit eligible claims to the Social Security Administration (SSA) for reimbursement. Based on our review, DBS successfully migrated all closed cases from the Accessible Web-based Activity and Reporting Environment (AWARE) into the Social Security Reimbursement Application (SSRA). However, we identified instances where DBS could make improvements to strengthen their reimbursement processes. For example, we cited instances where DBS did not submit all eligible claims to SSA for reimbursement. For those claims that were submitted to SSA, we noted that DBS did not effectively track claim submissions to, or funds received from, SSA. The Audit Results section below provides details of the deficiencies noted during our audit.

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**Scope, Objectives, and Methodology**

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The scope of this engagement included an examination of the Social Security Reimbursement Program for the period of July 1, 2015, through December 31, 2017. We established the following objectives for our audit:

1. Determining whether DBS submitted all eligible claims to SSA for reimbursement; and
2. Determining whether DBS has sufficient internal controls in place to identify eligible claims, request reimbursements, and track receipt of reimbursements from SSA.

To accomplish our objectives we reviewed applicable laws, rules, and regulations; interviewed department and SSA personnel; reviewed reimbursement requests and related documentation; reviewed client files in AWARE and SSRA; and reviewed client wage and social security documentation.

## Background

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The Florida Division of Blind Services (DBS) assists blind and visually impaired Floridians achieve their goals and live productive and independent lives. The Social Security Administration (SSA) reimburses State Vocational Rehabilitation (VR) agencies for the cost of the services they provide to individuals receiving Social Security Disability Insurance (SSDI) benefits or Supplemental Security Income (SSI) payments based on disability or blindness if certain conditions are met. The services must result in the individual's return to work for at least nine continuous months at a substantial earnings level, referred to as substantial gainful activity (SGA).

Congress established the current VR reimbursement program in 1981 to encourage state VR agencies to provide services that would result in work by disability beneficiaries. SSA published the initial regulations to implement this legislation in 1983. The regulations governing SSA's VR program are located in the code of federal regulations 20 CFR 404.2101 through 404.2127 for the Social Security Disability Insurance program, and 20 CFR 416.2201 through 416.2227 for the Sustainable Supplemental Insurance program.

The purpose of SSA's cost reimbursement program is to:

- Make VR services more readily available to disabled or blind Social Security beneficiaries and recipients; and
- Achieve estimated savings for the Social Security title II trust funds and the title XVI general revenue fund.

DBS utilizes an internal Social Security Reimbursement Application (SSRA) to identify and process eligible claims for reimbursement. SSA reimbursed the department \$826,846.53, during the period of October 1, 2015, through March 20, 2018. The department received \$525,830.54 during federal fiscal year (FFY) 2015-16, \$0 during FFY 2016-17, and \$298,015.99 during FFY 2017-18 as of March 20, 2018.

### Finding 1: DBS did not submit all eligible claims to SSA for reimbursement.

Per 416.2201 Code of Federal Regulations (CFR), "In general, sections 1615 (d) and (e) of the Social Security Act (the Act) authorize payment from the general fund for the reasonable and necessary costs of vocational rehabilitation (VR) services provided certain disabled or blind individuals who are eligible for supplemental security income (SSI) benefits, special SSI eligibility status, or federally administered State supplementary payments....Subject to the provisions of this subpart, payment may be made for VR services provided an individual during a month(s) for which an individual is eligible for disability or blindness benefits, including the continuation of such benefits under section 1631(a) (6) of the Act, or for which the individual's disability or blindness benefits are suspended (see 416.2215)....Payment will be made for VR services provided on behalf of such an individual in cases where –

- (a) The furnishing of the VR services results in the individual's completion of a continuous 9-month period of substantial gainful activity (SGA) as specified in 416.2210 through 413.2211; or

- (b) The individual continues to receive disability or blindness benefits, even though his or her disability or blindness has ceased, under section 1631 (a)(6) of the Act because of his or her continued participation in an approved VR program which we have determined will increase the likelihood that he or she will not return to the disability or blindness rolls.”

DBS successfully closed 1,958 cases during the period of July 1, 2015, through December 31, 2017, and transferred the cases to SSRA. Due to the six-month lag in income data and the requirement that cases be closed for at least 3 quarters to allow for the calculation of the SGA wage threshold, we were only able to review the 840 cases closed during the 2015-16 fiscal year. We reviewed the SGA wage data provided by the Florida Department of Economic Opportunity through the Florida Education and Training Placement Program, for the 840 identified cases. We determined 167 of the 840 (19.88%) cases met the SGA threshold for the requisite 9 out of 12 months.

We then compared those 167 cases to the SSI and SSDI data provided by DBS to determine whether the cases met the SSI or SSDI minimum requirements. We considered both initial entitlement dates and eligibility dates to establish eligibility, and we removed cases in which SSI or SSDI was suspended or terminated prior to DBS providing services to the client. Of the 167 cases that met the SGA threshold, we determined that 34 also met the SSI requirements and were potentially eligible for reimbursement.

Per SSRA, DBS submitted 18 (53%) of the identified 34 claims to SSA for reimbursement. We determined DBS had not submitted the remaining 16 potentially eligible cases to SSA for reimbursement. The 16 potentially eligible cases had a total potential reimbursement amount of \$912,566.08 Of the 16 cases:

- DBS submitted three cases during the course of the audit in February 2018 and April 2018:
  - DBS is awaiting a response from SSA for one claim submission;
  - DBS received a reimbursement for one claim on April 11, 2018, in the amount of \$24,213.40; and
  - SSA denied the claim for one submission, as they determined the client had not yet met the minimum SGA requirements;
- DBS did not submit three claims to SSA because SSRA marked the cases as “expired” when the system found the SGA threshold was met prior to case closure, and in two cases prior to service provision;
- DBS did not submit six claims to SSA because DBS determined the client did not receive SSI or SSDI benefits at the time of service. However, the SSI data reflected eligibility dates with payment histories and indicated no termination or denial dates;
- DBS did not submit one claim due to uncertainty of SSI payments. However, the SSI data reflected an initial entitlement and eligibility date with no indication of a denial or termination date; and
- DBS overlooked the three remaining claims.

Restricting the claims sent to SSA, based on uncertainty of SSI or SSDI payments, prevents DBS from maximizing the potential reimbursement amounts. In addition, allowing SSRA to expire cases when SGA achievement dates precede case closure dates and services provided by DBS,

prevents the opportunity for claim submission by DBS and causes loss of potential reimbursement.

### ***Recommendation***

We recommend that DBS send all potentially eligible cases to SSA for reimbursement. We recommend sending claims to SSA for all cases in which the client has met SGA and is eligible for SSI or SSDI without a suspension or termination date. We additionally recommend moving cases to the SSRA application after the completion of the individualized plan for employment, rather than after case closure from AWARE, to ensure the system identifies all potential wage earnings for employment gained during the period DBS provided services.

### ***Management Response***

Concur. Though all claims identified by the SSRA database generated in the daily email were filed and sent requesting reimbursement from the Social Security Administration, Florida DBS concurs that this process was not capturing all the potentially eligible claims.

Many of the issues detailed in IG Report #A-1718-009 had previously been recognized by Florida DBS staff. In response, in May 2017 Florida DBS began exploring the replacement of the in-house Social Security Reimbursement Application (SSRA). Shortly thereafter, after a series of demos and discussions with Morrow Consulting, LLC, Florida DBS decided to purchase and implement the Vocational Rehabilitation Ticket to Work/Reimbursement Tracker (TRACKER), an application that is already in use (or currently being installed) by 40 VR agencies. Florida DBS began processing VR Reimbursement Claims via TRACKER as of February 8, 2018, and as of May 24, 2018, approximately \$838,000 in claims processed through TRACKER has been approved for reimbursement by SSA.

In regards to the listed recommendations, TRACKER connects to our AWARE case management system and to external data sources like Unemployment Insurance (UI) wage records and the State Verification and Exchange System (SVES). This information is used to determine when cases have met the requirements for reimbursement payments and when they should be submitted via the SSA Portal. A weekly process copies case information from AWARE to TRACKER after the completion of the individualized plan for employment (IPE). This weekly process also updates expenditure information for each case in TRACKER. Pending approval from the Social Security Administration Office of Information Security to import and utilize SVES data in TRACKER, Florida DBS is currently submitting all VR Reimbursement claims that have met SGA without taking into consideration SSI or SSDI benefits. Upon receiving approval to utilize SVES data in TRACKER, Florida DBS will make the determination on whether to continue submitting all VR Reimbursement claims based only on the achievement of SGA or whether to also consider SSI and SSDI benefit information. TRACKER currently tracks cases for a period of 8 years, unlike SSRA, which would prematurely 'expire' cases when certain milestones were not met.

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**Finding 2: DBS did not receive any reimbursement payments during Federal Fiscal year 2016-2017.**

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Per CFR 416.2208. Requirements for payment.

- (a) The State VR agency or alternate participant must file a claim for payment in each individual case within the time periods specified in § 416.2216;
- (b) The claim for payment must be in a form prescribed by us and contain the following information:
  - (1) A description of each service provided;
  - (2) When the service was provided; and
  - (3) The cost of the service;
- (c) The VR services for which payment is being requested must have been provided during the period specified in § 416.2215;
- (d) The VR services for which payment is being requested must have been provided under a State plan for VR services approved under title I of the Rehabilitation Act of 1973, as amended, or, in the case of an alternate participant, under a negotiated plan, and must be services that are described in § 416.2214;
- (e) The individual must meet one of the VR payment provisions specified in § 416.2201;
- (f) The State VR agency or alternate participant must maintain, and provide as we may require, adequate documentation of all services and costs for all disabled or blind recipients with respect to whom a State VR agency or alternate participant could potentially request payment for services and costs under this subpart; and
- (g) The amount to be paid must be reasonable and necessary and be in compliance with the cost guidelines specified in § 416.2217.

DBS received the following reimbursement amounts during federal fiscal years 2015-16, 2016-17, and 2017-18:

- October 1, 2015-September 30, 2016: \$528,830.54
- October 1, 2016-September 30, 2017: \$0
- October 1, 2017-March 20, 2018: \$298,015.99
  - Total: \$826,846.53

We inquired why there were no moneys received during FFY 2016-2017, and the VR administrator stated that due to the portal change from SSA they were unable to submit cases for reimbursement. On July 25, 2017, the VR administrator received an email from SSA, which stated it had been brought to their attention that no claims had been submitted to the portal by the department. The VR administrator replied that he had attempted to submit claims; however, the system would not accept the data or perform claims processing. SSA staff then asked him to reach out to the VR helpdesk, as they needed to ensure everyone was capable of submitting claims through the portal before they no longer allow paper claims. It appears there was miscommunication and the VR administrator was under the false impression that SSA was no longer accepting paper claims. It also appears that DBS did not contact SSA in a timely manner to alert them of the difficulties experienced with the portal and to request the agency continue with paper submissions. By not contacting SSA in a timely manner and submitting all potentially eligible claims for reimbursement, the department failed to receive all potential reimbursement amounts.

***Recommendation***

We recommend DBS ensure all potentially eligible claims are submitted to SSA for reimbursement in a timely manner. If difficulties in submitting claims occur, DBS should immediately contact SSA, document the communication and resolution, and resubmit the claims.

***Management Response***

Concur. Though all claims identified by the SSRA database generated in the daily email were filed and sent requesting reimbursement from the Social Security Administration, FDBS concurs that this process was not capturing all the potentially eligible claims.

According to SSA Vocational Rehabilitation monthly calls, SSA was only accepting individual cases through the portal access point, which was not functioning properly in the SSA portal as of the initial go live date in Fall 2016. Though SSA stated that paper copies of request for reimbursements would not be accepted, FDBS had no other choice but to submit paper copies due to the non-functioning online portal for individual case entry. During the time period of this audit, FDBS was not able to produce batch formatting for submission due to the constraints with the SSRA Database system. As a result of SSA no longer accepting paper copies, several states that were not able to submit via batch processing, were not able to apply for cost reimbursement. This led FDBS to the implementation of the new reimbursement TRACKER system.

TRACKER provides a user-friendly interface that guides the user through the complex tasks involved in processing a VR reimbursement claim. It provides feedback, like when processing was last done and when it should be performed next. It displays how many claims are outstanding and how long they have been outstanding. The system's payment processing algorithms pick out all the claims that have met the requirements for reimbursement and excludes those that have been submitted in the past or are not eligible for a variety of other reasons. It also applies warnings to claims that are at higher risk of being rejected allowing you to quickly determine which cases to submit or reject during the claim verification process. All claims to be submitted to SSA for reimbursement are loaded to a batch file, which can then be uploaded for processing via the SSA Portal. Florida DBS is encouraged to contact the VR Helpdesk via email for any difficulties in submitting claims electronically via the SSA Portal. All applicable correspondence with the VR Helpdesk can be copied and documented as a NOTE on the CLAIMS DETAILS TAB in TRACKER. Since the implementation of TRACKER, a total of six (6) claims initially denied by SSA were filed for reconsideration via the VR Helpdesk. All six (6) claims were subsequently approved for payment in the amount of \$120,975.23.

**Finding 3: DBS submitted reimbursement claims after the submission deadline and did not effectively track claim submissions for reimbursement payment.**

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Per CFR 416.2216, "The State VR agency or alternate participant must file a claim for payment in each individual case within the following time periods:

- (a) A claim for payment for VR services based on the completion of a continuous 9-month period of SGA must be filed within 12 months after the month in which the continuous 9-month period of SGA is completed.”

During the audit period, DBS manually submitted all claims to SSA, and upon determination, SSA sent a letter back to DBS indicating approval or denial for reimbursement. Per SSRA, DBS submitted 83 claims to SSA for reimbursement during the period of July 1, 2015, through December 31, 2017. We compared the 83 submitted claims to the VR claim forms sent for reimbursement and the determination letters received from SSA, which include the approved or disallowed reimbursement amounts. DBS was unable to provide SSA determination letters for 30 of the 83 (36%) submitted claims. We additionally noted DBS did not consistently retain the VR claim forms sent to SSA.

DBS staff provided SSA determination letters for the remaining 53 submitted claims. The determination letters indicated SSA reimbursed the department \$581,903.97 for 31 of the 53 claims. Of the remaining 22 claims, SSA disallowed ten due to DBS submitting the claims past the submission deadline; eight for not meeting SSI requirements; three for not meeting SGA requirements; and requested additional information for one claim. The ten claims submitted past the submission deadline had an earning potential of \$118,108.25. As DBS did not retain the SSA determination letters for the remaining 30 claims, we were unable to determine how many claims were reimbursed (or the amount awarded) or how many were disallowed.

DBS staff provided thirteen additional determination letters for cases not reflected as submitted in SSRA. We located the identified participants in the SSRA system; however, eleven of the claims were marked as expired in SSRA and two were marked as open. SSA reimbursed the department \$56,836.95 for the thirteen claims. The DBS internal tracking spreadsheets included eight of the 13 claims.

We additionally compared the submitted claims per SSRA to the internal DBS tracking spreadsheets. We determined ten (12.04%) claims shown as submitted in SSRA were not located on the internal tracking spreadsheets. We also determined 17 claims on the internal tracking spreadsheets were not located on the submitted list in SSRA.

Lack of retention and tracking of SSA determination letters prevents DBS from effectively monitoring the status of the reimbursement requests, documenting funds received per claim, and documenting submission of claims to SSA. Absent VR claim forms and determination letters, DBS does not have documentation to show claims were submitted to SSA for reimbursement. In addition, the discrepancies between the internal tracking spreadsheets and SSA indicate DBS was not accurately tracking submissions and resubmissions to SSA. This does not allow DBS to resubmit denied claims in a timely manner and ensure submission of all eligible claims to SSA.

### ***Recommendation***

We recommend DBS enhance its tracking of all outstanding submissions and ensure the SSA system and the internal tracking spreadsheets align. We additionally recommend DBS retain all SSA determination letters and track the status of submissions in the reimbursement program, to

ensure all staff are aware of the current claim status and DBS files or resubmits claims in a timely manner.

### ***Management Response***

Concur. Per SSA's communication with FDBS, SSA only communicates results of requests for reimbursement by postal mail. All mail received by the FDBS was retained and provided to auditors, however SSA only provided mailed documentation to FDBS on 61% of the reimbursement requests.

When the system indicated that a batch of applications was due to be submitted, FDBS completed the batch within two business days of notification. In many cases, the SSA reimbursement team did not process the cases timely, which resulted in a "submission past the deadline" notification. Paper resubmissions to SSA were completed when notified that a claim was denied.

TRACKER includes the ability to generate various reports including REIMBURSEMENT REQUEST, RESPONSE and STATUS Reports to allow tracking of the following information:

- All reimbursement requests submitted electronically via the SSA Portal during the specified time frame.
- The submission date of each reimbursement request.
- Whether or not a response was received from SSA.
- If a response was received, the response date and whether the claim was accepted or rejected.
- The amount requested for reimbursement.
- The amount approved for reimbursement.
- The Action Code and Description for each response.

In addition, the SSA Portal includes the following functionality:

- Upload of claim files to SSA
- View all Pending VR Payments
- View VR Payments Already Made
- Check status of all files uploaded to SSA via the Portal and download the results to import into TRACKER.

All SSA Determination Letters issued since the implementation of TRACKER are scanned to PDF and uploaded to a designated folder on the TRACKER server. In addition, hard copies of the letters are filed. Florida DBS also plans to scan to PDF and store all SSA Determination Letters and correspondence, which were issued prior to TRACKER.



## Closing Comments

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The Office of the Inspector General would like to recognize and acknowledge the DBS staff for their assistance during the course of this audit. Our fieldwork was facilitated by the cooperation and assistance extended by all personnel involved.

*To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S., and in accordance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Keith Bennett and supervised by Tiffany Hurst, Audit Director.*

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