



**SOCIAL SECURITY**  
Office of the Inspector General

June 18, 2012

The Honorable Dave Camp  
Chairman, Committee on  
Ways and Means  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

On December 23, 2011, as part of the *Managers Report* accompanying the Social Security Administration's (SSA) Fiscal Year 2012 appropriations, we were asked to assess the legislative and administrative options, including potential challenges, for expanding access to video hearings at SSA. As part of this review, we assessed costs and benefits to claimants, claimant representatives, and taxpayers related to the use and potential expansion of video hearings at the Office of Disability Adjudication and Review.

The enclosed report addresses your request. To ensure SSA is aware of the information provided to your office, we are forwarding a copy of this report to the Agency.

If you have any questions concerning this matter, please call me or have your staff contact Misha Kelly, Special Agent-in-Charge of Congressional Affairs, at (202) 358-6319.

Sincerely,

Patrick P. O'Carroll, Jr.  
Inspector General

Enclosure

cc:  
Michael J. Astrue

# *CONGRESSIONAL RESPONSE REPORT*

## *Current and Expanded Use of Video Hearings*

A-05-12-21287



June 2012

## **Mission**

**By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.**

## OBJECTIVE

Our objective was to assess the legislative and administrative options, including potential challenges, for expanding access to video hearings at the Social Security Administration (SSA). As part of this review, we assessed costs and benefits to claimants, claimant representatives, and taxpayers related to the current use and potential expansion of video hearings at SSA's Office of Disability Adjudication and Review (ODAR).

## BACKGROUND

The *Managers Report*<sup>1</sup> accompanying SSA's Fiscal Year (FY) 2012 appropriations (signed December 23, 2011) states,

*Video Technology*-The conferees note the recent Administrative Conference of the United States report that referred to ODAR's use of video technology as a model for other agencies. The conferees request a report by OIG [Office of the Inspector General] within 180 days of enactment analyzing legislative and administrative options, including potential challenges, for expanding access to video hearings. The report should analyze costs and benefits to the claimant, claimant representatives, and taxpayers related to the current use and potential expansion of the use of video hearings by SSA. The report should be sent to the House and Senate Appropriations Committees, the House Committee on Ways and Means and the Senate Committee on Finance.

The Agency's October 2011 *Customer Service Plan*<sup>2</sup> noted video hearings are a "signature initiative" at SSA and stated the Agency will increase the use of video hearings.<sup>3</sup> In addition, the Administrative Conference of the United States (ACUS)<sup>4</sup> noted SSA's use of video hearings as a best practice and recommended its expansion.

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<sup>1</sup> OIG, SSA FY 2013 Budget Justification, *Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act, 2012: Senate Report (S. Rep. No. 112-84)—Significant Items*, p. 144.

<sup>2</sup> SSA, *Customer Service Plan*, October 24, 2011.

<sup>3</sup> For a history of video hearings at SSA, see Appendix B.

<sup>4</sup> ACUS is an independent Federal agency dedicated to improving the administrative process through consensus-driven applied research, providing nonpartisan expert advice and recommendations for improvement of Federal agency procedures. Its membership is composed of innovative Federal officials and experts with diverse views and backgrounds from both the private sector and academia.

A related ACUS report stated SSA video hearings could save ODAR an estimated \$59 million, annually.<sup>5</sup>

We reviewed reports and studies related to ODAR video hearings use and expansion. In addition, we requested copies of any SSA communications or stated plans to alter or expand Agency video hearings use and requested all systems data that captured the costs and benefits of video hearings to claimants, claimant representatives, and taxpayers from October 2009 through March 2012. We also surveyed ODAR regional office management and administrative law judges (ALJ) regarding video hearings and travel to remote sites. Finally, we reviewed information related to legal and program challenges that could affect the full use and/or expansion of video hearings at SSA.<sup>6</sup>

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<sup>5</sup> ACUS in-house research report, *Agency Use of Video Hearings: Best Practices and Possibilities for Expansion*, May 2011, p. 11. We recalculated these estimated savings in the body of the report.

<sup>6</sup> See Appendix C for additional procedures and further detail on our scope and methodology.

# Results of Review

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Prior Office of the Inspector General reports have noted that video teleconferencing (VTC) has given SSA additional flexibility in handling its aged and backlogged hearing requests. We surveyed ODAR management to get its insight on the advantages and disadvantages of ODAR's video hearings use and found all 10 regional management teams found video hearings reduced hearing office backlogs, improved case processing times, and decreased ALJ travel to remote sites. However, VTC is only one of a number of Agency initiatives that contributed to improved hearing timeliness, and determining the contribution of each initiative is difficult. In addition, we found that while SSA monitors its hearing costs, the Agency's ability to separately measure and break out video hearing costs was limited.

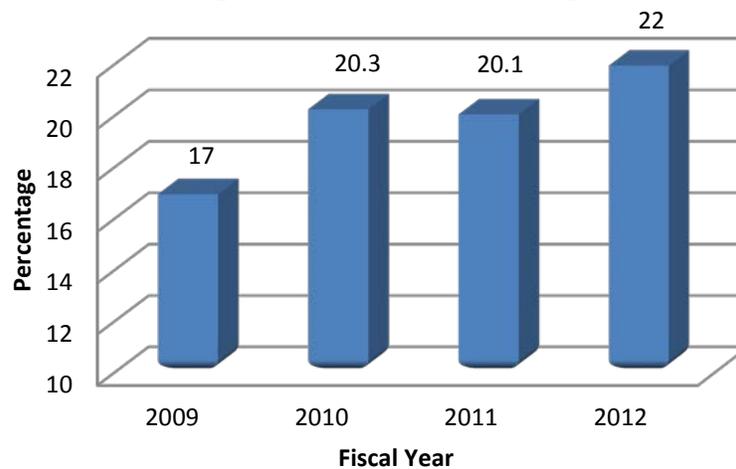
We reviewed a 2009 consultant study designed to identify the cost and benefits of VTC, which ACUS later cited as showing annual savings of \$59 million, \$595 million over the 10 years of the study's projections. We adjusted the consultant's calculations after correcting some of the model's assumptions and found that the estimated annual savings ranged from \$5.2 to \$10.9 million under this model, which would range from \$52 to \$109 million over a 10-year period. Despite the data limitations and amended savings, we believe the Agency should evaluate how it monitors video hearings costs to accurately report cost savings and determine expansion options.

The Agency plans to expand the use of VTC, though claimant and ALJ preferences as well as video capacity could slow down such efforts. Some of the options ODAR has for expanding video capacity include greater use of field offices, law office sites, and government sites. Relocation of unused equipment and expanded use of desktop video units (DVU) could also increase the available capacity for video hearings. Moreover, the Agency is considering regulations to prevent reimbursement of travel costs for claimants and their representatives when the claimant objects to a scheduled video hearing and therefore must travel with their representative to a farther location for an in-person hearing. Other options ODAR managers suggested included mandating video hearings and placing greater restrictions on claimants declining a scheduled video hearing.

## **ROLE OF VIDEO HEARINGS**

In FY 2011, approximately 20 percent of SSA's hearings was conducted by VTC. As Figure 1 illustrates, the percentage of hearings conducted by video increased from 17 to 20 percent between FYs 2009 and 2011. As of April 2012, this percentage had further increased to 22 percent.

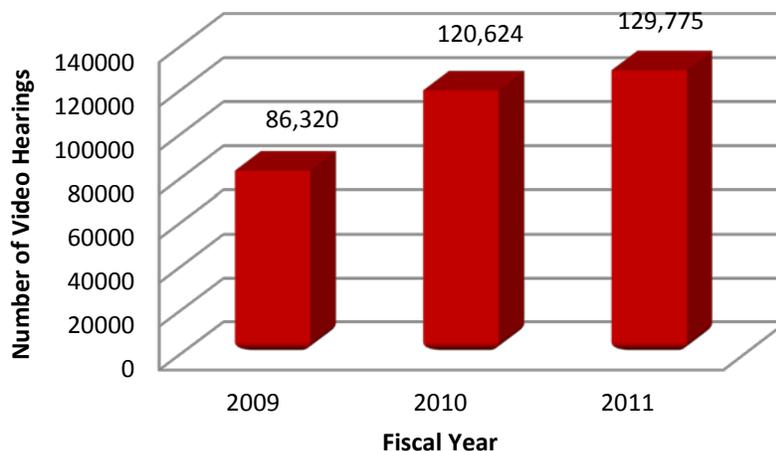
**Figure 1: FYs 2009 Through 2012 National Average Video Hearing Usage**



**Note:** FY 2012 is through April 2012. A final annual rate may be different.

While the percent of hearings using VTC has not increased significantly, the number of video hearings increased by about 50 percent over a 2-year period, from 86,320 in FY 2009 to 129,775 in FY 2011. Growth between FYs 2010 and 2011 was about 7.6 percent.

**Figure 2: FYs 2009 Through 2011 Video Hearings**



Video use varied by region in FY 2011 from 23 percent in the Kansas City Region to 10 percent in San Francisco Region.<sup>7</sup> As Table 1 shows, we found the Kansas City Region had the highest percentage of video hearings held, followed by the Philadelphia and Dallas Regions. While the Atlanta Region held the most video hearings with 30,357, in relation to its total hearings, video hearings held was only 18 percent, in

<sup>7</sup> We based on analysis on the location of the ALJ. The distribution may change if we focused on the location of the claimants.

comparison to the Kansas City Region. National Hearing Centers (NHC) were designed to conduct only video hearings.<sup>8</sup>

**Table 1: FY 2011 Video Hearings Held  
(Based on the Location of the ALJ Conducting the Hearing)**

| Region                         | Video Hearings Held | Total Hearings Held | Video Hearings Percent |
|--------------------------------|---------------------|---------------------|------------------------|
| National Hearing Centers       | 28,222              | 28,244              | 100                    |
| Kansas City                    | 5,552               | 23,840              | 23                     |
| Philadelphia                   | 14,525              | 66,038              | 22                     |
| Dallas                         | 15,526              | 77,241              | 20                     |
| Atlanta                        | 30,357              | 165,883             | 18                     |
| Boston                         | 4,004               | 21,922              | 18                     |
| New York                       | 7,879               | 54,165              | 15                     |
| Seattle                        | 2,661               | 19,435              | 14                     |
| Denver                         | 2,334               | 16,740              | 14                     |
| Chicago                        | 11,177              | 97,691              | 11                     |
| San Francisco                  | 7,538               | 73,758              | 10                     |
| <b>National Totals/Percent</b> | <b>129,775</b>      | <b>644,957</b>      | <b>20</b>              |

## VIDEO HEARING BENEFITS TO SSA

In the past, claimants living in areas remote from hearing offices had to wait for the ALJ to travel to their location for a hearing, and, generally, the ALJ wanted a sufficient number of cases to justify the trip, which delayed hearings for the public. Video hearing technology has made geography less of a factor when determining where each party is located. In addition, VTC allowed ALJs to spend more time in the hearing office rather than traveling to remote locations, which provided more time for ALJs to focus on hearings while reducing hearing office costs for ALJ travel.

## Assistance with Aged Cases and Backlogs

Before the implementation of video hearings, a parent hearing office typically served a fixed geographic area, and the extended reach of parent hearing offices was historically limited to areas serviced by ALJs traveling to remote sites. Various SSA initiatives to eliminate the pending hearings backlog, including the *Video Hearing* and *National Hearing Centers* initiatives, and additional hiring in ODAR with *American Recovery and Reinvestment Act of 2009* funds,<sup>9</sup> have increased ODAR's ability to assist hearing

<sup>8</sup> NHCs operate in Albuquerque, New Mexico; Baltimore, Maryland; Chicago, Illinois; Falls Church, Virginia; and St. Louis, Missouri. NHCs are directed by the Office of the Chief ALJ in Falls Church, Virginia, not the Regional Chief ALJs. While NHCs were established to conduct video hearings, NHC ALJs may travel to conduct in-person hearings when claimants refuse video hearings.

<sup>9</sup> *American Recovery and Reinvestment Act of 2009*, Pub. L. No. 111-5, 123 Stat. 115 (2009). We reported on ODAR's hiring in the December 2009 SSA OIG report, *Quick Response Evaluation: The Office of Disability Adjudication and Review's Staffing Plans Under the American Recovery and Reinvestment Act of 2009* (A-12-09-29140).

offices with significant backlogs while adding new resources.<sup>10</sup> For instance, aging backlogs from one hearing office could be handled by other offices via video hearings, allowing more timely hearings.

Our September 2009 report on SSA's aged pending hearings<sup>11</sup> noted that ODAR's efforts under the *Aged Case Workload* initiative were enhanced by other initiatives to realign service areas, transfer cases, increase video hearings, and establish NHCs. We noted that the combination of these initiatives assisted ODAR with claims transferred within and between regions since they allowed remote hearing offices and the NHCs to meet with claimants and decide claims via video. Our March 2010<sup>12</sup> report focused on how the video and NHC initiatives assisted the Kansas City Region with hearing timeliness by allowing hearing offices to transfer some of their pending hearing claims to other regions for processing.

Our April 2012 report<sup>13</sup> on NHCs further demonstrated how video hearings assisted the Agency with hearing backlogs. During FYs 2010 and 2011, ODAR's 5 NHCs processed over 56,000 requests for hearings to assist backlogged hearing offices with older cases. The Chicago Region transferred the highest number of cases during this period, about 50 percent of all cases the NHCs received. These transfers allowed the Chicago Region to address case backlogs while new hearing offices were being constructed to permanently address workload needs.

All 10 of the ODAR regional management teams we surveyed indicated that video hearings had assisted with regional workloads by reducing hearing office backlogs, improving case processing times, and reducing ALJ travel to remote sites. For example, in the New York Region, managers at the Syracuse Hearing Office stated that the office ended FY 2009 with an average case processing time of 594 days per closed case. In subsequent periods, cases from the Syracuse service area were sent to ALJs in the NHCs in Baltimore, Maryland, and Falls Church, Virginia, who held hearings via VTC. This reduced the total number of cases pending in Syracuse, allowing for quicker processing of the remaining cases. As of April 2012, the average processing time in Syracuse was 340 days, which was a reduction of 254 days in average processing time since the close of FY 2009.

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<sup>10</sup> SSA's *Plans to Reduce the Disability Backlogs: Hearing Before Senate Finance Committee*, 110th Cong. (May 23, 2007) (Statement on the Record of Michael J. Astrue, Commissioner of Social Security). SSA established more than 30 initiatives to eliminate the hearings backlog.

<sup>11</sup> SSA OIG, *Aged Claims at the Hearing Level* (A-12-08-18071), September 2009.

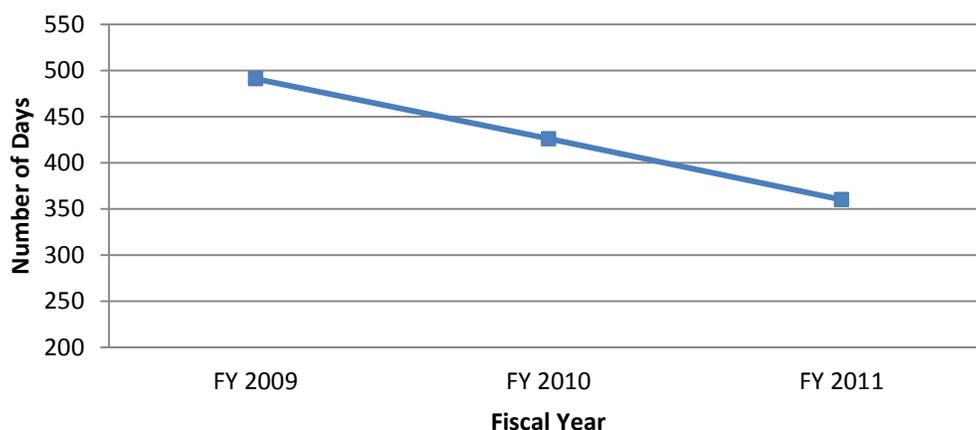
<sup>12</sup> SSA OIG, *Congressional Response Report: Hearing Office Backlogs in Missouri* (A-12-10-21039), March 2010.

<sup>13</sup> SSA OIG, *The Role of National Hearing Centers in Reducing the Hearings Backlog* (A-12-11-11147), April 2012.

## Other Resources Directed at the Backlog

Determining the exact contribution of VTC to the improved hearing timeliness versus other Agency actions is difficult. While national average processing times for hearing cases has declined (see Figure 3),<sup>14</sup> this may relate to a number of factors. For instance, during FYs 2010 and 2011, ODAR added or expanded 28 hearing offices, satellite offices, and National Case Assistance Centers (NCAC).<sup>15</sup> As a result, in addition to video hearings, individuals in otherwise remote and backlogged regions were being served through in-person hearings at new hearing offices.

**Figure 3: National Average Processing Times for Hearings (FYs 2009 Through 2011)**



## Travel Cost Savings

Another potential benefit of video hearings is a reduction in ALJ travel to remote sites, which would reduce direct travel costs, such as flights and hotels, and more significant indirect travel costs, including the cost of the ALJ's time in transit. Additional cost savings could also relate to claimant and claimant representative travel costs associated with travel to distant hearing locations.

We found that while ODAR captures hearing-related costs, its ability to separately measure ALJ travel-related hearing costs was limited. ODAR provided the number of hearing cases handled at remote sites in FYs 2009 to 2011 (see Table 2), which indicated that the percent of all cases being heard at remote sites had declined over the years. However, we found ODAR statistics on ALJ travel costs and time spent traveling to remote sites for hearings could not be separated from ALJ time and costs related to travel for training or meetings.

<sup>14</sup> The average processing time was 350 days as of April 2012.

<sup>15</sup> During FYs 2010-2011, NCACs provided backlog support to multiple components in ODAR as needed, including assisting hearing offices and NHCs with decision writing and case pulling.

**Table 2: Number of Hearings at Remote Sites and ALJ Travel Costs  
(FYs 2009 Through 2011)**

| Costs                              | FY 2009     | FY 2010     | FY 2011     |
|------------------------------------|-------------|-------------|-------------|
| Number of Hearings at Remote Sites | 110,917     | 118,917     | 99,875      |
| Percent of All ALJ Hearings        | 21%         | 20%         | 16%         |
| ALJ Travel Costs <sup>1</sup>      | \$3,366,405 | \$3,736,685 | \$3,066,863 |

**Note 1:** ALJ travel costs included travel incurred for other reasons besides conducting hearings, such as travel to attend training.

We could neither break out travel costs between claimants and claimant representatives nor determine what portion of these costs could be reduced as a result of video hearings. ODAR collected all of these costs under “Non-SSA Personnel Travel” in its financial system.<sup>16</sup> However, some of these travel reimbursements may have related to travel to a hearing office rather than travel to remote sites.<sup>17</sup>

**Table 3: Other Non-SSA Travel Costs Associated with Hearings Operations  
(FYs 2009 Through 2011)**

| Costs                    | FY 2009      | FY 2010      | FY 2011      |
|--------------------------|--------------|--------------|--------------|
| Non-SSA Personnel Travel | \$18,470,256 | \$17,428,262 | \$17,262,665 |

**Note:** Non-SSA personnel costs included travel incurred by claimants and claimant representatives.

All 10 ODAR regional management teams we surveyed confirmed that ALJs still traveled to remote sites to hold hearings. According to those surveyed, the hearings conducted by ALJs who traveled to a remote site varied between 5 and 30 percent.<sup>18</sup>

### Consultant Study of Video Hearing Options

In FY 2009, the Agency hired a consultant to study video hearing use in ODAR. We reviewed the consultant’s study<sup>19</sup> to understand the cost figures used to support the Agency’s expansion of video hearings. In our March 2012 discussion with consultant staff, they stated they used data obtained from ODAR to calculate estimates of growth of video hearing usage. The consultant staff also projected costs based on projected hearings for FYs 2009 through 2018 using three cost alternatives (see Table 4). Each cost alternative yielded estimated costs and benefits that varied depending on how ODAR rolled out video hearings.<sup>20</sup>

<sup>16</sup> ODAR management informed us that the Agency established a new cost category to separately track claimant representative travel costs effective October 1, 2011.

<sup>17</sup> SSA, Administrative Instructions Manual System, Financial Management Manual 07.26.03.B — *Travel in the United States of More Than 75 Miles From Residence or Office to Hearing Site* (May 19, 2009).

<sup>18</sup> See Appendix I for more on ALJ travel to remote sites.

<sup>19</sup> SSA, Consultant Study, *ODAR Video Telecommunications Conferencing Cost Benefit Analysis Update*, August 2009.

<sup>20</sup> See Appendix F.

The consultant outlined three options, and recommended an expanded rollout of VTC beyond ODAR’s planned approach (Alternative 2). From our review, it appears the Agency decided to follow a modified version of Alternative 2. However, in our discussions with ODAR managers, they did not know which, if any, option management selected.

**Table 4: Consultant-Provided VTC Alternatives**

| Alternatives            | Description  |
|-------------------------|--|
| Status Quo              | Assumes the status before the use of VTC in which ALJs traveled across different regions for hearings.   |
| 1 - Current VTC Rollout | Notes that ODAR already had several hundred VTC units rolled out nationwide and examined the impact of annual growth at the current rate (that is, an addition of 100 wall mounted units and 100 desktop video units, annually). |
| 2 - Hybrid VTC Rollout  | Examines the impact of a rollout that is a hybrid of Alternatives 1 and 3, with VTC units in 80 percent of hearing rooms, 50 percent of ALJ offices, and 70 percent of field offices.  |
| 3 – Full VTC Rollout    | Examines the impact of a full rollout with 100 percent saturation by placing VTC in every hearing room, ALJ office, and field office.  |

Using the results of the consultant’s study, ACUS yielded a \$59 million annual savings for the Agency using their assumptions, \$595 million over the 10 years covered in the study.<sup>21</sup> This \$595 million represented the difference between the status quo (approximately \$838 million), or expected hearing costs without VTC, and Alternative 1 (approximately \$243 million), representing a continuation of the Agency’s current VTC model.

Our review of the status quo calculation found that the estimates assumed ALJs would travel to every hearing, while ODAR’s estimates as well as the consultant’s model assumed considerably less ALJ travel without VTC: 40 percent in the consultant model and 35 percent in the Agency data provided to the consultant.

We adjusted the consultant’s calculations assuming 35 percent of all hearings would have involved travel before the use of VTC and found the estimated annual savings ranged from \$5.2 to \$10.9 million, annually (see Table 5). It is possible these savings could be even lower since the percent of hearings conducted via VTC was considerably lower than the estimated percent during FYs 2009 to 2011. We discuss this later in the report.

<sup>21</sup> ACUS in-house research report, *Agency Use of Video Hearings: Best Practices and Possibilities for Expansion*, May 10, 2011, p. 11.

**Table 5: Adjusted Estimate of Average Annual Cost Savings  
(Based on Consultant Cost Data – FYs 2009 to 2018)**

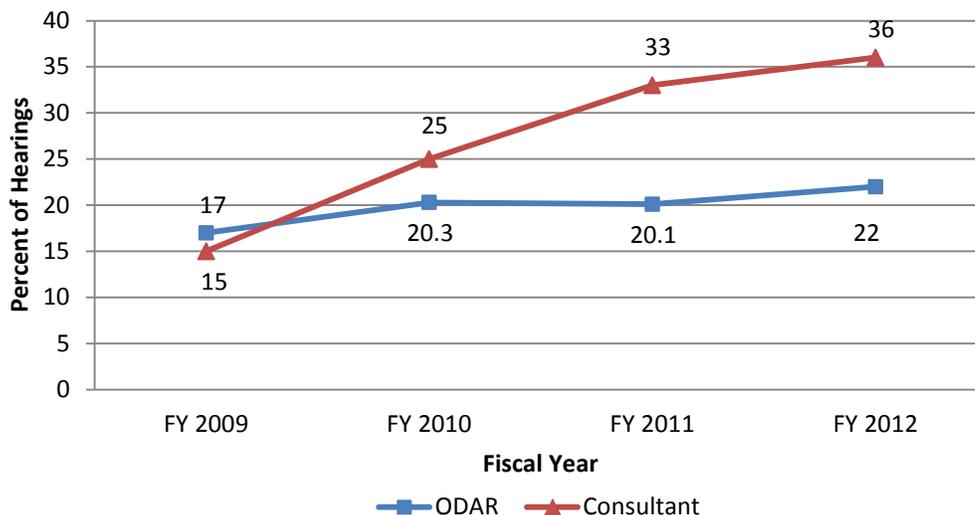
| Alternatives            | Annualized Cost Estimate | Annualized Cost Savings |
|-------------------------|--------------------------|-------------------------|
| Status Quo              | \$33,538,382             | NA                      |
| 1 - Current VTC Rollout | \$24,280,389             | \$9,257,993             |
| 2 - Hybrid VTC Rollout  | \$22,626,369             | \$10,912,013            |
| 3 - Full VTC Rollout    | \$28,295,910             | \$5,242,472             |

Now that several FYs have passed since the consultant completed its cost-benefit analysis, the Agency should quantify the tangible and intangible benefits it has achieved from video hearings. The Agency should also quantify and document the costs incurred to compare them with the benefits achieved. The Agency will need to do this to determine the most cost-effective means of any VTC expansion.

### CHALLENGES WITH VIDEO HEARING IMPLEMENTATION

The use of VTC presents its own challenges, such as obtaining ALJ and claimant acceptance and maintaining sufficient levels of VTC equipment and hearing rooms. Although the earlier consultant study estimated 33 percent of all hearings would be conducted by video in FY 2011, only 20 percent of hearings was video hearings (see Figure 4). SSA predicted an 8-percent increase in the number of video hearings in FY 2012 followed by a 10-percent increase in FY 2013.<sup>22</sup> Overcoming these challenges should assist the Agency in reaching these goals.

**Figure 4: Actual Video Hearings Versus Consultant’s Estimate<sup>1</sup>  
(FYs 2009 to 2012)<sup>2</sup>**



**Note 1:** Consultant’s estimate taken from *Alternative 2 – Hybrid VTC Rollout*.

**Note 2:** FY 2012 data through April 2012.

<sup>22</sup> SSA, *Customer Service Plan*, October 24, 2011.

## ALJ and Claimant Acceptance

In our April 2011 audit,<sup>23</sup> we learned that some ALJs did not conduct video hearings based on their workloads and/or preferred work styles. In addition, some reported equipment problems as well as a lack of training on using video equipment. We highlighted some of these specific ALJ concerns in our April 2011 report, including the following.

- Reduced ability to observe the claimant when conducting a video hearing as well as diminished interaction with a claimant.
- Small screens or poor video restricted the ability to observe everything in the hearing room at the same time.
- An audio lag in video hearings inhibits the free flow of speech.

While it may not be necessary for every ALJ to use the equipment, perceptions of equipment problems may inhibit greater use.<sup>24</sup> In our survey of regional managers, 50 percent stated technical problems with the video equipment had delayed hearings.<sup>25</sup>

In addition to ALJ concerns potentially reducing the frequency of video hearings, claimants have the right to refuse a video hearing for any reason and opt for an in-person hearing. This can delay the hearings process and lead to ALJ travel. Our April 2012 report on NHCs<sup>26</sup> recommended the Agency consider modifying the regulations to prevent claimants from declining video hearings close to the day of the hearing. SSA agreed with our recommendation.

All 10 of the ODAR regional management teams we surveyed indicated they had experienced problems scheduling video hearings with all required parties.<sup>27</sup> In

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<sup>23</sup> SSA OIG, *Use of Video Hearings to Reduce the Hearing Case Backlog* (A-05-08-18070), April 2011.

<sup>24</sup> SSA's Office of Quality Performance (OQP) issued a report after assessing (1) any differences or problematic areas between hearings conducted by VTC and hearings conducted in-person and (2) any issues unique to processing VTC hearings. After a review of 560 hearing decisions – 280 related to VTC hearings and 280 related to in-person hearings – OQP reported no significant differences between the accuracy rates of hearing decisions related to both types of hearings. The OQP reviewers also examined several areas unique to the VTC hearing decision, such as location of the claimant and technical difficulties associated with the VTC hearing, and found that these issues were generally handled appropriately. See SSA, OQP, *Quality Review Assessment Report of Video Teleconference Hearings*, November 2009.

<sup>25</sup> We did not ask about specific offices, so we could not determine the frequency of the technical problems. ODAR management stated that 236 video hearings held in FY 2011 were rescheduled due to equipment problems.

<sup>26</sup> SSA OIG, *The Role of National Hearing Centers in Reducing the Hearings Backlog* (A-12-11-11147), April 2012.

<sup>27</sup> We discussed scheduling difficulties in our April 2012 audit, *The Role of National Hearing Centers in Reducing the Hearings Backlog* (A-12-11-11147).

particular, all of the regional respondents stated scheduling conflicts with claimant representatives were problematic, and 90 percent experienced problems with claimants declining video hearings.

## VTC Equipment and Hearing Rooms

In our 2012 audit of NHCs,<sup>28</sup> we reported the NHC managers noted they needed more video capacity to conduct video hearings. Each video hearing requires a minimum of two hearing locations, and while the NHC ALJs often use permanent remote sites to hold video hearings, these sites were often used for in-person hearings, leaving less space for video hearings. Use of the permanent remote sites increased after the Agency started closing its temporary remote sites in March 2011.

Since ODAR implemented video hearings nationwide in 2003,<sup>29</sup> it has installed 1,295 pieces of video equipment. According to ODAR, approximately 95 percent of Americans has a VTC site within 75 miles of their home.<sup>30</sup> As Figure 5 shows, video hearings can be conducted in a variety of locations, such as permanent remote sites (PRS),<sup>31</sup> claimant-only video rooms (COV),<sup>32</sup> and field office video sites.<sup>33</sup> At the time of our review, ODAR had 10 pending COV sites, 31 pending PRSs, and 50 pending field office video sites.

While most of the claimants attending video hearings are in leased permanent remote sites (see Figure 5), ODAR is also using existing field offices to expand its video footprint. This would allow claimants to conduct a variety of SSA business at one location. In addition, ODAR uses equipment provided by other parties, such as law firms under the Representative Video Project (RVP),<sup>34</sup> State facilities, and prison systems. These additional locations provide ODAR with opportunities to carry out its mission without leasing space, which is consistent with a Presidential directive<sup>35</sup>

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<sup>28</sup> *Id.*

<sup>29</sup> See Appendix B for more information on video hearing implementation.

<sup>30</sup> Any locations beyond 75 miles of a hearing office are defined by the Agency as “remote.”

<sup>31</sup> PRS has been assigned to, or leased for, ODAR by the General Services Administration, in a city within the defined service area of a hearing office. Such sites are established and located under the guidance of, and subject to, formal approval processes in the Hearing Office Chief ALJ (HOCALJ) and other Agency components.

<sup>32</sup> COVs are small hearing rooms that contain desktop video equipment and are large enough to hold the claimant, claimant representative, hearing reporter, and experts, if required. COVs are used in a number of regions. The Chicago Region has established a unique set of COVs called spokes.

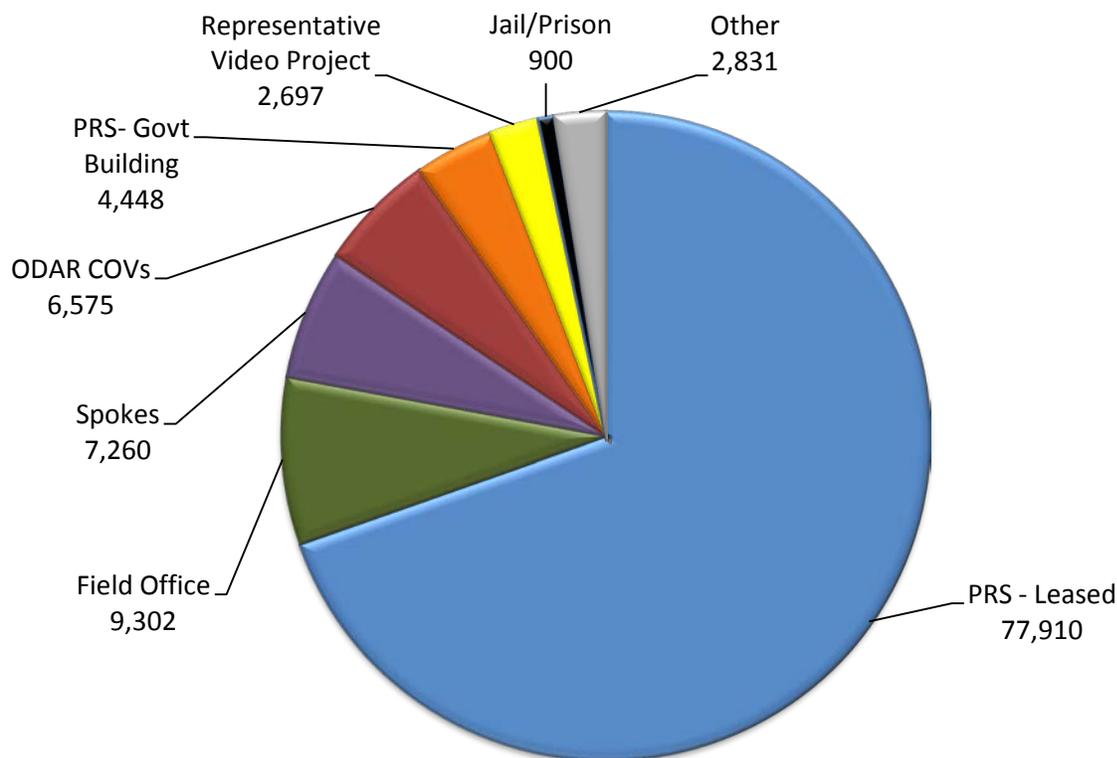
<sup>33</sup> Field offices, which contain video equipment, are under the Deputy Commissioner of Operations.

<sup>34</sup> See Appendix B for a description of RVP.

<sup>35</sup> The White House, Presidential Memorandum, *Disposing of Unneeded Federal Real Estate*, June 10, 2010.

requiring actions that include greater use of current facilities and pursuing consolidation opportunities within and across agencies.

**Figure 5: Remote Video Hearing Sites Used in FY 2011  
(Number of Hearings per Site)**



**Note:** We did not include hearing offices, though ALJs can hold video hearings from another location with claimants at hearing offices.

One way to make more VTC equipment available is to ensure it is being used and, if it is not, relocate it to where it can be used. In our April 2011 audit of video hearings,<sup>36</sup> we recommended that SSA periodically evaluate video hearing equipment requirements at each location against historical and expected usage. We also noted that such periodic evaluations should be conducted before new equipment is ordered. In response to the report, the Agency said it monitors the use of this equipment and makes necessary adjustments. As part of this review, we asked ODAR to identify equipment transfers from low- to high-use areas. At the time of our review, ODAR provided data that indicated it completed 16 equipment transfers to other locations in FY 2011.<sup>37</sup>

To make more hearing rooms available, ODAR could require that ALJs use DVUs in their offices. In the consultant study, the most cost-beneficial alternative noted that

<sup>36</sup> SSA OIG, *Use of Video Hearings to Reduce the Hearing Case Backlog* (A-05-08-18070), April 2011.

<sup>37</sup> The data ODAR provided also reflected equipment transfers due to office relocation and intra-office moves, which we did not include.

50 percent of ALJ offices would need to be equipped with DVUs to meet some of the video goals. While all of the ALJs in the NHCs used DVUs, only the HOCALJs at the hearing offices were issued this equipment. We reviewed HOCALJ use of DVUs in FY 2011 and found that only 76 of the approximately 160 HOCALJs in the field conducted hearings with this equipment during that period. Given the lower costs of the DVU equipment, as well as potential VTC capacity issues in the future should video use increase, ODAR may be able to reduce costs and increase its flexibility by expanding the DVUs to additional ALJs. In our April 2011 audit of video hearings, we recommended that SSA consider expanding DVUs to all interested ALJs. The Agency agreed with our recommendation, noting DVUs are a less costly, effective means for conducting hearings.

## **LEGAL AND REGULATORY ISSUES**

The Agency has proposed regulatory changes under consideration in the January 2012 *Unified Agenda*. The proposed regulation seeks to prevent reimbursement of additional travel costs claimants and their representatives incur when the claimant objects to a scheduled video hearing and, as a result, the claimant and their representative must travel farther for an in-person hearing. The Agency expects to save on video hearing travel costs while increasing participation in video hearings.

We found that 60 percent of the ODAR regional management teams we surveyed suggested mandating video hearings unless an ALJ determines that a video hearing is not appropriate. We also found that 40 percent of the ODAR regional management teams we surveyed stated SSA should not reimburse travel costs for claimants and/or claimant representatives who decline a video hearing for an in-person hearing. One regional management team suggested requiring claimants and or claimant representatives to decline video hearings within 10 to 20 days after receipt of the notice of hearing.

The Agency would need to consider whether such legal or regulatory changes could increase the use of VTC and help the Agency reach its video hearings goals. This may entail discussions with all parties, including those who are reluctant to use VTC.

## Conclusions

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While VTC has provided SSA with a number of benefits, such as flexibility in handling its aged and backlogged hearing requests, it was not possible to determine the specific benefits nationwide because of other changes at ODAR, such as additional hiring and new hearing offices. In addition, we could not clearly identify cost savings based on the structure of ODAR's financial accounts, even though ODAR data indicated ALJ travel to remote sites had declined as a percent of all hearings. Moreover, the 2009 consultant study, after our adjustment, demonstrated lower cost savings than reported by ACUS.

We believe the Agency needs to focus its efforts on ensuring the public and its employees consider the advantages of video hearings while addressing any training or equipment quality issues identified by ALJs and other employees. Moreover, in a time of constrained budgets, ODAR needs to ensure video capacity issues are addressed through expansion within the existing Agency footprint, such as field offices, full use of existing equipment, and requiring DVU usage by more ALJs.

Finally, we believe the proposed regulatory changes and other ideas proposed by ODAR managers may increase VTC usage. However, such changes, to ensure negative perceptions and concerns are addressed, must go hand in hand with greater public outreach, solicitation of feedback, and reasonable exclusions to mandatory VTC use by claimants.

# Appendices

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## Acronyms

|           |   |
|-----------|---|
| ACUS      | Administrative Conference of the United States      |
| ALJ       | Administrative Law Judge                            |
| COV       | Claimant Only Video                                 |
| DCO       | Deputy Commissioner of Operations                   |
| DRAP      | Digital Recording Audio Playback                    |
| DVU       | Desktop Video Unit                                  |
| Fed. Reg. | Federal Register                                    |
| FY        | Fiscal Year   |
| HD        | High Definition                                     |
| HOCALJ    | Hearing Office Chief Administrative Law Judge       |
| NHC       | National Hearing Center                             |
| NCAC      | National Case Assistance Center                     |
| OCALJ     | Office of Chief Administrative Law Judge            |
| ODAR      | Office of Disability Adjudication and Review        |
| OIG       | Office of the Inspector General                     |
| OQP       | Office of Quality Performance                       |
| OTSO      | Office of Telecommunications and Systems Operations |
| PRS       | Permanent Remote Site                               |
| RVP       | Representative Video Project                        |
| SSA       | Social Security Administration                      |
| TRS       | Temporary Remote Site                               |
| VCCC      | Video Communications Control Center                 |
| VTC       | Video Teleconferencing                              |

# History of Video Hearings

In 1996, the Social Security Administration (SSA) published a Notice of Social Security Ruling,<sup>1</sup> which explained that the Agency planned to explore ways for claimants to do business with it electronically. Video teleconferencing (VTC) was one of the technologies SSA identified as having the potential to better serve claimants.

In January 2001, SSA issued a Notice of Proposed Rulemaking related to VTC.<sup>2</sup> In the Notice, SSA stated that, in 2000, it conducted VTC hearings between the Huntington, West Virginia, Hearing Office and its Prestonsburg, Kentucky, remote location; the Albuquerque, New Mexico, Hearing Office and its El Paso, Texas, remote site; and the West Des Moines, Iowa, Hearing Office with tie-in to the Iowa Communications Network. At the beginning of these tests, all three sites had some equipment problems. Participation rates at Huntington-Prestonsburg and Albuquerque-El Paso were low, but the Iowa test had over 40-percent participation rate. SSA surveyed participants from the three tests to assess customer satisfaction with VTC hearings. The Iowa respondents rated the VTC hearings as convenient and good.

SSA test data showed that the processing time for VTC hearings was substantially shorter than for in-person remote location hearings during the same time, and the ratio of hearings held to hearings scheduled was significantly higher for VTC hearings than for in-person hearings.

In December 2003, SSA published a final rule<sup>3</sup> authorizing the use of VTC for disability adjudication hearings to provide greater scheduling flexibility, improved hearing efficiency, and additional service delivery options.

## VIDEO HEARINGS INITIATIVE

Various SSA initiatives, including the *Video Hearing* and *National Hearing Center*, increased the Office of Disability Adjudication and Review's (ODAR) ability to assist hearing offices with significant backlogs while adding new resources. For instance, excessive backlogs from one hearing office could be handled by other offices via video hearings, allowing more timely hearings for all claimants involved. Before video hearings were used, a hearing office typically served a fixed geographic area, and the extended reach of hearing offices was historically limited to nearby areas serviced by

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<sup>1</sup> *Electronic Service Delivery*, 61 Fed. Reg. 68808 (December 30, 1996).

<sup>2</sup> *Scheduling Video Teleconference Hearings Before Administrative Law Judges*, 66 Fed. Reg. 1059 (January 5, 2001).

<sup>3</sup> 68 Fed. Reg. 69003 (December 11, 2003). This Final Rule adopted the earlier language in 68 Fed. Reg. 5210.

administrative law judges (ALJ) traveling to temporary and permanent remote sites. Through video hearing technology, geography has become less of a factor when determining where each of the parties is located.

## NATIONAL HEARING CENTERS

As Table B-1 reflects, between October 2007 and July 2010, ODAR opened five National Hearing Centers (NHC).<sup>4</sup> Initially, hearing offices transferred their oldest cases to the NHCs. However, according to NHC management, hearing offices are transferring newer cases to the NHCs.

**Table B-1: NHC Opening Dates**

| Location                | Operations Started |
|-------------------------|--------------------|
| Falls Church, Virginia  | October 2007       |
| Albuquerque, New Mexico | March 2009         |
| Chicago, Illinois       | June 2009          |
| Baltimore, Maryland     | July 2009          |
| St. Louis, Missouri     | July 2010          |

During FYs 2010 and 2011, ODAR's 5 NHCs processed over 56,000 hearings to assist backlogged hearing offices with older cases. The Chicago Region transferred the highest number of cases during this period, about 50 percent of all cases the NHCs received. These transfers allowed the Chicago Region to address case backlogs while new hearing offices were being constructed to permanently address workload needs.

## DESKTOP VIDEO UNITS

Desktop Video Units (DVU) are a key part of the Agency's video hearing expansion plans for the convenience of individuals who have filed a hearing request.<sup>5</sup> Using the small, flat screen DVU monitors enables ALJs to conduct video hearings in their offices instead of occupying a hearing room. After limited testing of DVUs in FY 2008, the Agency reported positive feedback and continues installing new equipment nationwide, such as in field office personal interview rooms and attorney/claimant conference rooms at the hearing offices. To date, the primary parties using this equipment have been the Hearing Office Chief ALJs and ALJs in the NHCs.

## REPRESENTATIVE VIDEO PROJECT

In September 2008, under the *Video Hearing* backlog initiative, SSA expanded the use of video hearings through the Representative Video Project (RVP), allowing representatives and claimants to attend video hearings at claimant representatives' offices while the ALJ is at another location. Under RVP, participating claimant

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<sup>4</sup> SSA OIG, *The Role of National Hearing Centers in Reducing the Hearings Backlog* (A-12-11-11147), April 2012.

<sup>5</sup> SSA OIG, *Use of Video Hearings to Reduce the Hearing Case Backlog* (A-05-08-18070), April 2011.

representatives are required to sign an agreement with SSA and procure their own video equipment.

As Table B-2 shows, we also found ODAR held 2,697 RVP hearings in FY 2011, or about 2.1 percent of the 129,775 video hearings conducted in FY 2011. Of these, about 39 percent was with NHC ALJs and 20 percent with Kansas City ALJs.

**Table B-2: FY 2011 RVP Hearings Held  
(Based on the Location of the ALJ Conducting the Hearing)**

| ODAR Region              | RVP Hearings Held | Percent    |
|--------------------------|-------------------|------------|
| National Hearing Centers | 1,051             | 38.97      |
| Kansas City              | 541               | 20.06      |
| Chicago                  | 359               | 13.31      |
| Philadelphia             | 272               | 10.09      |
| Dallas                   | 207               | 7.68       |
| Atlanta                  | 176               | 6.53       |
| San Francisco            | 44                | 1.63       |
| Boston                   | 27                | 1.00       |
| Denver                   | 11                | 0.41       |
| New York                 | 9                 | 0.33       |
| Seattle                  | -                 | -          |
| <b>Total</b>             | <b>2,697</b>      | <b>100</b> |

## Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable laws and regulations, as well as Agency policies and procedures, related to video hearings.
- Reviewed prior Office of the Inspector General and Government Accountability Office audit reports pertaining to video hearings.
- Reviewed external reports related to video hearings, including the Administrative Conference of the United States' May 2011 in-house report and June 2011 recommendation on *Agency Use of Video Hearings: Best Practices and Possibilities for Expansion*, and the August 2009 Consultant's *Cost Benefit Analysis of the ODAR Video Telecommunication Conferencing Program* reports. We analyzed these reports to determine their coverage, reasonableness, and overall insights related to the congressional request.
- Met with managers and staff in the Offices of Disability Adjudication and Review (ODAR) and Systems to learn more about the Agency's use of and support for video teleconferencing (VTC).
- Requested all Social Security Administration (SSA) communications or stated plans to alter or expand VTC usage in the Agency. We requested all information related to any legal or program challenges that may affect the full usage and/or expansion of VTC equipment at the Agency.
- Obtained Case Processing and Management System data to determine the percent of hearings involving the use of video hearings equipment as well as video hearings usage trends by hearing office and region.
- Reviewed information from ODAR on costs related to (1) equipment and related support costs (for example, full-wall units, desk-top video units, communications), (2) hearing office/remote site/claimant only video site leasing; (3) administrative law judge (ALJ) travel, (4) claimant and claimant representative travel, and (5) other costs incurred or avoided because of the operation of video hearings. We requested any Agency data (as well as the name of the related system) that captured the costs and benefits of video hearings to the claimant, claimant representative, and taxpayers.
- Reviewed other trends related to video hearings usage, such as the Representative Video Project, to understand alternatives to SSA procurement of video hearings equipment.

- Sent questionnaires to all ODAR regional office management personnel. We emailed the questionnaire on April 11, 2012. After summarizing the responses for the report, we surveyed various ALJs referred by regional office management who travel to remote sites to conduct hearings.

Our review was limited in scope to analyzing workload and consultant data, as supplied to us by the Agency. As such, we relied on the representations of Agency personnel indicating the data reported to us were complete and accurate to the best of their awareness and ability. Accordingly, our work did not constitute an audit of such information. We conducted our review from January to April 2012 in Chicago, Illinois. The principle entity audited was the Office of the Deputy Commissioner for Disability Adjudication and Review. We conducted our work in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## Video Hearing Equipment and Maintenance Costs

Office of Disability Adjudication and Review (ODAR) staff provided us with the cost of video equipment. As illustrated in Tables D-1 and D-2, a wall-mounted system cost \$25,858, and the desk-top video unit (DVU) component cost \$8,970. The cost of wall mounted components included a 60-inch high definition (HD) flat panel, HD camera, installation, and 1-year maintenance.

**Table D-1: Unit Cost for Wall Mount System  
in FY 2012**

| Room System – Wall Mounted Components | Costs           |
|---------------------------------------|-----------------|
| HD Video Conferencing System 60-inch  | \$15,046        |
| Premier 1 Year Maintenance            | \$1,417         |
| 60-inch HD Flat Panel Monitor         | \$2,434         |
| EagleEye HD Camera                    | \$2,230         |
| Chief Tilting Plasma Mount            | \$216           |
| HDX 9000 Bracket Hardware             | \$27            |
| Phoenix Port Adaptors (2)             | \$54            |
| HDX Microphone Array (2)              | \$520           |
| Surge Protector                       | \$10            |
| Cable Floor Track                     | \$61            |
| Panduit Raceway                       | \$44            |
| Low Profile Wall Rack                 | \$305           |
| Camera Shelf                          | \$118           |
| Custom Shipping                       | \$1,040         |
| Cable/Wiring/Installation             | \$2,336         |
| <b>Total Equipment Cost, Per Unit</b> | <b>\$25,858</b> |

**Note:** The Social Security Administration (SSA), Office of Telecommunications and Systems Operations (OTSO) provided the unit costs for FY 2012 as of March 2012.

As Table D-2 shows, the costs of the DVU component included an HD video conference system, installation, and 1-year maintenance.

**Table D-2: Unit Cost for Desktop Video Unit  
in FY 2012**

| <b>Desktop Video Unit – Components</b>           | <b>Costs</b>   |
|--|----------------|
| HD Video Conferencing System (with DRAP adaptor) | \$6,307        |
| Premier 1 Year Maintenance                       | \$762          |
| Cable Floor Track                                | \$61           |
| HDX Remote Control                               | \$162          |
| Surge Protector                                  | \$10           |
| Cable/Wiring/Installation                        | \$1,668        |
| <b>Total DVU System Cost, Per Unit</b>           | <b>\$8,970</b> |

**Note:** OTSO provided the unit costs for FY 2012 as of March 2012.

We also found total equipment purchase costs declined from \$4.7 million in FY 2010 to \$1.9 million in FY 2011. According to OTSO, the Agency had not purchased any equipment in FY 2012 through March 2012. Table D-3 below provides equipment purchase costs for FYs 2009 through 2011.

**Table D-3: FYs 2009 Through 2011 Equipment Purchase Costs**

| <b>Fiscal Year</b> | <b>Cost Per Unit</b> | <b>Number of Units Purchased</b> | <b>Total Purchase Cost</b> |
|--------------------|----------------------|----------------------------------|----------------------------|
| 2009 <sup>1</sup>  | \$22,833             | 12                               | \$273,996                  |
| 2010               | \$25,858             | 183                              | \$4,732,041                |
| 2011               | \$25,858             | 72                               | \$1,861,776                |

**Note 1:** SSA OIG, *Use of Video Hearings to Reduce the Hearing Case Backlog* (A-05-08-18070), April 2011, p. B-2.

## **MAINTENANCE AND OTHER COSTS ASSOCIATED WITH VIDEO HEARINGS**

We found maintenance cost increased by 48 percent between FYs 2009 and 2010 and by 37 percent in FY 2011 (see Table D-4). Our analysis also shows, as the number of units for both hearing room systems and DVUs increased, so did the cost of maintaining them. In addition, the Agency incurred other costs, such as bridging and network costs on a per-minute basis. Since some video participants are not a part of the SSA network, the Agency must bridge them in as a third party.

**Table D-4: FYs 2009 Through 2012 Video Maintenance Costs**

| <b>Type of Cost</b>      | <b>FY 2009</b> | <b>FY2010</b> | <b>FY2011</b> |
|--------------------------|----------------|---------------|---------------|
| Hearing Room Systems     | \$1,651,447    | \$2,478,600   | \$3,128,544   |
| Number of Units          | 533            | 675           | 852           |
| Desktop Video Units      | \$111,093      | \$129,516     | \$450,716     |
| Number of Units          | 89             | 100           | 348           |
| Total Maintenance Costs  | \$1,763,162    | \$2,608,891   | \$3,580,460   |
| <b>Percentage Change</b> |                | <b>48%</b>    | <b>37%</b>    |

# Video Equipment Installation, Maintenance, and Contingency Plans

According to the Office of Disability Adjudication and Review (ODAR), the Division of Electronic Services compiles a list of video requests each fiscal year that are based on the following categories.

- Commissioner initiatives
- Backlog initiatives
- Office of the Chief Administrative Law Judge (OCALJ) initiatives
- Service Area Realignment
- Regional needs

Before requesting funding, the requesting office must determine the type of video equipment needed. When the Agency is granted the funding, OCALJ reviews the video requests, prioritizes the list based on the need for the video equipment, and approves the site for video equipment installation. The unfulfilled requests will remain on the list until funding is available. The Agency uses three types of video equipment: a wall-mounted room system with 60-inch television; a cart-mounted room system with 60-inch television; and a desktop video unit.

Once a video hearing request is approved, the hearing office gathers information on the site where the video equipment will be installed and sends the information to the Office of Telecommunications and Systems Operations. For sites that are leased, ODAR works with the General Services Administration to install video equipment. The provisions of the lease allow ODAR to convert a space into video hearing space.

Whenever video hearing equipment malfunctions, ODAR's first response is to call the Video Communications Control Center (VCCC). VCCC has technicians on call to resolve technical issues ODAR video hearing sites encounter. If a call cannot be resolved via telephone, a technician will be sent to the site to assist. The hearing that is scheduled during this malfunction will have to be rescheduled if the problem exists for an extended period of time.

Each video hearing site provides guidance to ODAR staff in the event video hearing equipment malfunctions. In addition to calling VCCC, ODAR staff can check to ensure they have a connection and consult the contingency guidelines. All these actions must be considered before rescheduling a hearing.

## Consultant’s Cost Benefit Report on Video Teleconferencing

The Social Security Administration (SSA) hired a consultant to determine the cost-benefit associated with the *Video Hearing* initiative proposed by the Commissioner of SSA. The consultant worked with the Office of Disability Adjudication and Review (ODAR) to identify alternatives for the *Video Hearing* initiative and identify the cost-benefit analysis of these alternatives, comparing these to a status quo cost before video teleconferencing (VTC) over a 10-year period from Fiscal Years 2009 to 2018 (see Table F-1).

**Table F-1: Consultant-Provided VTC Alternatives with Costs and Benefits from Fiscal Years 2009 to 2018**

| Alternatives            | Description  | Costs/Benefits                                |
|-------------------------|--|---|
| Status Quo              | Assumes the status before the use of VTC in which ALJs traveled across different regions for hearings.   | \$838,459,548                                 |
| 1 - Current VTC Rollout | Notes that ODAR already had several hundred VTC units rolled out nationwide and examined the impact of annual growth at the current rate (that is, an addition of 100 wall mounted units and 100 desktop video units, annually). | Cost: \$242,803,891<br>Benefit: \$237,798,410 |
| 2 - Hybrid VTC Rollout  | Examines the impact of a rollout that is a hybrid of Alternatives 1 and 3, with VTC units in 80 percent of hearing rooms, 50 percent of administrative law judge (ALJ) offices, and 70 percent of field offices.                 | Cost: \$226,263,693<br>Benefit: \$266,619,588 |
| 3 – Full VTC Rollout    | Examines the impact of a full rollout with 100-percent saturation by placing VTC in every hearing room, ALJ office, and field office.  | Cost: \$282,959,097<br>Benefit: \$271,545,293 |

The study<sup>1</sup> estimated the *Hybrid VTC Rollout* offered the lowest cost, but the *Full VTC Rollout* offered the most benefit. However, despite having a lower benefit than the *Full VTC Rollout*, the *Hybrid VTC Rollout* provided a return on investment of 17.84 percent where as the *Full VTC Rollout* return was lower. Therefore, the study concluded the

<sup>1</sup> SSA, Consultant Study, *ODAR Video Telecommunications Conferencing Cost Benefit Analysis Update*, August 2009.

*Hybrid VTC Rollout* alternative was the best alternative to implement since it supported the Commissioner's initiative to reduce hearings backlogs, reduced ALJ travel, and significantly reduced overall processing time of hearings. As a result, the consultant recommended SSA expand video hearings use, as described under the *Hybrid VTC Rollout*.

## METHODOLOGY

- **Defined Cost and Benefit Structures:** Consultant staff defined key cost drivers and defined key benefit instances. Cost drivers included labor, employee travel, witness travel, transportation, maintenance, and purchase cost. They also spoke with program staff to help identify cost savings, cost avoidance, qualitative benefits, and quantitative benefits.
- **Identified Data Sources and Collected Data:** Consultant staff obtained prior data and estimates from ODAR, the Office of Budget, and Office of Telecommunications and Systems Operations. They identified cost, hearings held, hearings held by video, and ALJ travel data. They also spoke with key subject matter experts on the accuracy of these data.
- **Processed & Analyzed Data:** Consultant staff took the data and projected its cost of a life-cycle, estimating the cost and benefit in relation to inflation.
- **Developed and Documented Estimates:** Consultant staff took their estimates and determined the cost-benefit analysis. They identified cost for each alternative.

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## Administrative Conference of the United States Report

In May 2011, the Administrative Conference of the United States (ACUS)<sup>1</sup> issued a report<sup>2</sup> about its in-house research project studying the use of video hearings by Federal Government agencies with high volume caseloads and the possibilities for expanding the use of video hearings by agencies as a means of increasing efficiency and reducing cost in administrative adjudication. The report was divided into two parts. Part one of the report provided a detailed look at how video hearings were implemented and used by the Social Security Administration and other agencies. Information in the first part of the report came primarily from interviews with knowledgeable officials at the agencies, observations of some video hearings, and, where available, relevant documents about the use of video hearings as provided by agency officials. Part two of the report used the information learned through the research conducted for part one to make recommendations for the use of video hearings by other Federal agencies with high volume caseloads.

ACUS found that determining the exact costs and benefits of the Office of Disability Adjudication and Review's (ODAR) use of video hearings were difficult to measure because data was scarce. However, the ACUS report stated that ODAR evaluated the costs and benefits of video hearing use by hiring a consulting firm to conduct a cost-benefit analysis to compare various alternatives for the use of video hearings. According to ACUS staff, they used the consultant's cost-benefit analysis that estimated the cost of conducting ODAR hearings without the use of any video hearings would be \$838,459,548 over a 10-year lifecycle or \$83,845,954 annually. In contrast, the consultant's estimated costs of ODAR's current use of video hearings (and with the amount of in-person hearings ODAR conducted at the time) was \$242,803,891 over a 10-year lifecycle or \$24,280,389 annually. The ACUS report used this data to estimate that maintaining the current use of video hearings, instead of solely conducting in-person hearings saved ODAR over \$59 million dollars annually.<sup>3</sup>

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<sup>1</sup> ACUS is an independent Federal agency dedicated to improving the administrative process through consensus-driven applied research, providing nonpartisan expert advice and recommendations for improvement of Federal agency procedures. Its membership is composed of innovative Federal officials and experts with diverse views and backgrounds from both the private sector and academia.

<sup>2</sup> ACUS in-house research report, *Agency Use of Video Hearings: Best Practices and Possibilities for Expansion*, May 10, 2011, p. 11.

<sup>3</sup> We recalculated these estimated savings in the body of the report.

As a result of this work, on June 17, 2011, ACUS recommended video hearings as a best practice:<sup>4</sup>

1. Federal agencies with high volume caseloads should consider using video teleconferencing (VTC) to conduct administrative hearings and other aspects of adjudicatory proceedings. Agencies with lower volume caseloads may also benefit from this recommendation.
2. Federal agencies with high volume caseloads should consider the following non-exclusive criteria when determining whether to use video teleconferencing technology in administrative hearings and other adjudicatory proceedings:
  - a) whether an agency's use of VTC is legally permissible under its organic legislation and other laws;
  - (b) whether the nature and type of administrative hearings and other adjudicatory proceedings conducted by the agency are conducive to the use of VTC;
  - (c) whether VTC can be used without affecting the outcome of cases heard by the agency;
  - (d) whether the agency's budget would allow for investment in appropriate and secure technology given the costs of VTC;
  - (e) whether the use of VTC would create cost savings, such as savings associated with reductions in personnel travel and with increased productivity resulting from reductions in personnel time spent on travel;
  - (f) whether the use of VTC would result in a reduction of the amount of wait time for an administrative hearing;
  - (g) whether users of VTC, such as administrative law judges, hearing officers and other court staff, parties, witnesses, and attorneys (or other party representatives), would find the use of such technology beneficial;
  - (h) whether the agency's facilities and administration, both national and regional (if applicable), can be equipped to handle the technology and administration required for use of VTC;
  - (i) whether the use of VTC would adversely affect the representation of a party at an administrative hearing or other adjudicatory proceeding; and
  - (j) whether the communication between the various individuals present at a hearing or proceeding (including parties, witnesses, judges, hearing officers and

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<sup>4</sup> ACUS, Administrative Conference Recommendation 2011-4, *Agency Use of Video Hearings: Best Practices and Possibilities for Expansion*, adopted June 17, 2011.

other agency staff, translators and attorneys (or other party representatives)) would be adversely affected.

3. Federal agencies with high volume caseloads that decide to use video teleconferencing technology to conduct administrative hearings and other adjudicatory proceedings should consider the following best practices:
  - (a) Use VTC on a voluntary basis and allow a party to have an in-person hearing or proceeding if the party chooses to do so.
  - (b) Periodically evaluate the use of VTC to make sure that the use is outcome-neutral (i.e., does not affect the decision rendered) and that the use is meeting the needs of its users.
  - (c) Solicit feedback and comments (possibly through notice-and-comment rulemaking) about VTC from those who would use it regularly (e.g., administrative law judges, hearing officers and other administrative staff, parties, witnesses, and attorneys (or other party representatives)).
  - (d) Begin the use of VTC with a pilot program and then evaluate the pilot program before moving to wider use.
  - (e) Structure training at the outset of implementation of VTC use and have technical support available for troubleshooting and implementation questions.
  - (f) Consult the staff of ACUS and/or officials at other agencies that have used VTC for best practices, guidance, advice, and the possibilities for shared resources and collaboration.

# Questionnaire Sent to Office of Disability Adjudication and Review Regional Offices

Please provide us with your:

Name:

Title:

Region:

**Background:**

At the request of the Congress, we are reviewing the role of video hearing at the Social Security Administration (SSA). The *Managers Report* accompanying the Agency's Fiscal Year 2012 appropriations (signed December 23, 2011) states,

*Video Technology.*-The conferees note the recent Administrative Conference of the United States report that referred to ODAR's use of video technology as a model for other agencies. The conferees request a report by OIG [Office of the Inspector General] within 180 days of enactment analyzing legislative and administrative options, including potential challenges, for expanding access to video hearings. The report should analyze costs and benefits to the claimant, claimant representatives, and taxpayers related to the current use and potential expansion of the use of video hearings by SSA.

We are sending this questionnaire to get regional office insight on the current and potential expanded use of video hearings in ODAR. We will hold your responses in the strictest confidence. This survey should take approximately 5 -10 minutes to complete. We thank you in advance for your thoughtful feedback.

| 1. Have video hearings assisted you with your regional workload? |           |            |
|--|-----------|------------|
| Response   | Count     | Percentage |
| Yes  | 10        | 100        |
| No   | 0         | 0          |
| <b>Total</b>   | <b>10</b> | <b>100</b> |

| <b>1a. If Yes, in what way has it assisted you (select all that apply)?</b>  |              |                   |
|--|--------------|-------------------|
| <b>Response</b>  | <b>Count</b> | <b>Percentage</b> |
| Reduced hearing office backlogs  | 10           | 100               |
| Improved case processing times   | 10           | 100               |
| Decreased ALJ travel to remote sites   | 10           | 100               |
| Reduced hearing office costs, such as ALJ, claimant, and claimant representative travel costs  | 7            | 70                |
| Other  | 4            | 40                |
| <b>2. How have video hearings been conducted in your region (please select all that apply)?</b>  |              |                   |
| <b>Response</b>  | <b>Count</b> | <b>Percentage</b> |
| Leased permanent remote sites with video equipment   | 9            | 90                |
| Video equipment located at field offices   | 9            | 90                |
| Regional claimant-only video (COV) sites   | 6            | 60                |
| Law firm equipment under the Representative Video Project  | 7            | 70                |
| HOCALJ desktop video units (DVU) in the hearing offices  | 10           | 100               |
| Other than HOCALJ DVUs in the hearing offices  | 7            | 70                |
| Assistance from hearing offices in other regions   | 5            | 50                |
| Assistance from National Hearing Centers   | 8            | 80                |
| Other  | 5            | 50                |
| <b>3. Do the hearing offices in your region have sufficient VTC equipment in the hearing offices and remote sites for the number of video hearings you would like to hold?</b> |              |                   |
| <b>Response</b>  | <b>Count</b> | <b>Percentage</b> |
| Yes  | 4            | 40                |
| No   | 6            | 60                |
| <b>Total</b>   | <b>10</b>    | <b>100</b>        |
| <b>4. Have you had any technical issues with the video equipment causing the delay of hearings?</b>  |              |                   |
| <b>Response</b>  | <b>Count</b> | <b>Percentage</b> |
| Yes  | 5            | 50                |
| No   | 5            | 50                |
| <b>Total</b>   | <b>10</b>    | <b>100</b>        |
| <b>4a. If Yes, please note the common type of issues such video quality, audio quality, communications connections, etc.?</b>  |              |                   |
| We received 5 written responses.   |              |                   |

**5. Do you have any problems scheduling video hearings with all the required parties?**

| Response     | Count     | Percentage |
|--------------|-----------|------------|
| Yes          | 10        | 100        |
| No           | 0         | 0          |
| <b>Total</b> | <b>10</b> | <b>100</b> |

**5a. If Yes, please note the type of issues (please select all that apply):**

| Response   | Count | Percentage |
|--|-------|------------|
| Scheduling conflicts with vocational experts       | 1     | 10         |
| Scheduling conflicts with medical experts          | 2     | 20         |
| Scheduling conflicts with claimant representatives | 10    | 100        |
| Claimants declining video hearings                 | 9     | 90         |
| Other  | 6     | 60         |

**6. What percentage of your ALJs do you estimate held video hearings in the last 12 months?**

| Response       | Count     | Percentage |
|----------------|-----------|------------|
| 1-25 percent   | 1         | 10         |
| 26-50 percent  | 1         | 10         |
| 51-75 percent  | 1         | 10         |
| 76-100 percent | 7         | 70         |
| <b>Total</b>   | <b>10</b> | <b>100</b> |

**7. Do your ALJs still travel to remote sites to hold hearings?**

| Response     | Count     | Percentage |
|--------------|-----------|------------|
| Yes          | 10        | 100        |
| No           | 0         | 0          |
| <b>Total</b> | <b>10</b> | <b>100</b> |

**7a. If Yes, what percent of your hearings are conducted by ALJs traveling to a remote site?**

We received 10 written responses.

**8. Do you need additional support from ODAR HQ to optimize your use of video hearings?**

| Response     | Count     | Percentage |
|--------------|-----------|------------|
| Yes          | 6         | 60         |
| No           | 4         | 40         |
| <b>Total</b> | <b>10</b> | <b>100</b> |

| <b>8a. If Yes, please note the type of support you need (please select all that apply):</b> |              |                   |
|---|--------------|-------------------|
| <b>Response</b>   | <b>Count</b> | <b>Percentage</b> |
| More video equipment  | 3            | 30                |
| Updated video equipment   | 2            | 20                |
| Transfer of unused video equipment  | 0            | 0                 |
| Additional video training   | 0            | 0                 |
| More physical space for video hearings  | 4            | 40                |
| Other   | 1            | 10                |
| <b>Total</b>  | <b>10</b>    | <b>100</b>        |

|   |
|---|
| <b>9a. Please provide points of contact for us to obtain data related to regional cost savings as a result of video hearings held.</b>                    |
| We received 10 written responses.   |
| <b>9b. Please provide points of contact for us to interview several ALJs in your region who currently travel to remote sites.</b>                         |
| We received 10 written responses.   |
| <b>9c. Please provide points of contact for us to obtain information on the reduction of claimant waiting times related to the use of video hearings.</b> |
| We received 10 written responses.   |
| <b>10. Do you have any suggestions to improve the video hearings process and/or save costs?</b>   |
| We received 8 written responses.  |

## Survey of Administrative Law Judges on Travel to Remote Sites

At our request, Office of Disability Adjudication and Review regional management teams identified administrative law judges (ALJ) who traveled to remote sites during the year. Responses represented 1 to 18 ALJs per region, with some regions providing a combined response that may have represented more ALJs. We summarized highlights from the survey responses.

- **Percent of Travel to Remote Sites:** The majority of the ALJs stated 10 to 33 percent of hearings they held involved travel to remote sites. However, those surveyed stated the percentage of travel to remote sites has decreased since the implementation of video hearings.
- **Travel Docket Size and Time Spent Traveling to Remote Sites:** Most of the ALJs stated they scheduled 25 to 30 cases in their travel dockets, which equated to 5 to 6 cases a day for a 5-day work week.
- **Time Spent at Remote Sites:** Once the travel docket is scheduled, our survey showed ALJs will spend as many as 5 days at a remote site. However, some of the ALJs surveyed stated the days spent at a remote site did not require an overnight stay. Rather, they traveled to and from the remote site during the week.

## ***DISTRIBUTION SCHEDULE***

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## **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

### **Office of Investigations**

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Office of the Counsel to the Inspector General**

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

### **Office of External Relations**

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

### **Office of Technology and Resource Management**

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.